

DEPARTMENT OF COMMERCE

HEARING

BEFORE THE

COMMITTEE ON INTERSTATE AND
FOREIGN COMMERCE

OF THE

HOUSE OF REPRESENTATIVES

ON

SENATE BILL 569 AND HOUSE BILLS 14, 95, AND 2026, TO
ESTABLISH A DEPARTMENT OF COMMERCE
AND LABOR, INDUSTRIES, AND
MANUFACTURES.

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NOTES OF A HEARING BEFORE THE COMMITTEE ON INTERSTATE
AND FOREIGN COMMERCE, HOUSE OF REPRESENTATIVES,
MARCH 27, 1902, TO APRIL 5, 1902, INCLUSIVE, RELATING
TO THE SUBJECT OF A NEW GOVERNMENTAL DEPARTMENT
TO BE CALLED THE DEPARTMENT OF COMMERCE AND LABOR
OR THE DEPARTMENT OF COMMERCE AND INDUSTRY.

DEPARTMENT OF COMMERCE AND LABOR.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
HOUSE OF REPRESENTATIVES,
Tuesday, March 25, 1902.

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

The CHAIRMAN. The committee has resolved to commence at this time hearings relating to the subject of a new governmental department, sometimes called the Department of Commerce and Labor or the Department of Commerce and Industry.

Without objection, we will take up the subject without a special reference to any of the bills, although all of the four bills that are before the committee it would be proper, I have no doubt, to discuss.

These bills are Senate 569, entitled "To establish the Department of Commerce and Labor," which, I presume, is the Nelson bill; H. R. 14, introduced by Mr. Brownlow, entitled "To establish the Department of Commerce, Labor, and Manufactures;" H. R. 95, introduced by Mr. Schirm, entitled "To establish the Department of Commerce and Industries," and H. R. 2026, introduced by Mr. Roberts, entitled "To establish the Department of Commerce and Manufactures."

The larger number of the gentlemen who are here this morning are strangers to the chairman, and so far as I know no order of testimony has been determined upon, and if you gentlemen can suggest any order of procedure I presume the committee would be glad to hear from you.

I would say—if the Chair was to speak his own sentiments—that probably discussion upon the necessity or propriety of establishing this department is not so necessary or so important as the details of what the department should consist of, the bureaus that it should contain, and what functions of the Government should be grouped under his department; discussions upon that line would be, so far as the Chair is concerned, quite desirable, no matter by what different departments those different duties are now being performed.

Mr. WOOD. We have with us this morning, Mr. Chairman, Mr. Theodore C. Search, president of the Manufacturers' Association of the United States. His time is limited, and we would be glad to have him address the committee in the beginning.

The CHAIRMAN. Very well.

STATEMENT OF MR. THEODORE C. SEARCH.

Mr. SEARCH. Mr. Chairman and gentlemen, the outline just presented by the honorable chairman opens up the subject for discussion in a manner not expected by myself.

The CHAIRMAN. Do not let that be controlling on you.

Mr. SEARCH. Consequently it presents a phase of the question which, probably, we are not in that way as well prepared to discuss as we would have been had we thought that would be the theme.

My idea has been regarding this matter, and I think the idea of those that have been working with me, that the necessary thing was first to have the department established. I think there are none of us, perhaps, who feel so familiar with all the details of the Government and with the various functions that may belong to this department as to attempt to outline what this department should do or how it should do it. We merely believe that the manufacturing and industrial interests of this country would be greatly strengthened by having a department which had for its special object the looking after of these different interests.

It would rest, as I conceive, mostly upon the energy and ability of the man who might be selected to fulfill this object and to develop it into its greatest work, and to give it its greatest prominence and the greatest value to our country.

It seems to me that with such a man his first duty would be, on being inducted into office, to take hold of these unrelated bureaus, those that have been described as being necessary to take into this department, and examine the work of those bureaus carefully, and concentrate the work which is not to the end for which the department was established. Just what those bureaus have been doing and what means they have been taking to arrive at results is unknown to us—at least, it is unknown to me. I would not presume, therefore, to discuss the methods by which they have been controlled and conducted. I think it would be presumptuous in me, at least, as an outsider, to attempt that sort of work.

What we are after, then, from my point of view, is that we desire to have this department established for the purpose of bringing these unrelated bureaus into some sort of coordinate functions, and these to be represented by the proposed department.

The remarks that I desire to present on this subject are these: The proposition to create a Federal department the specific functions of which shall be the advancement of the industrial and commercial interests of the country is no novel idea, as the suggestion has been before the country in one form or another for at least thirty-five years. Present conditions, however, seem to emphasize more strongly than ever before the necessity for the establishment of such a department as is proposed in the bill which has recently passed the Senate and is now before your committee.

I will state here that my understanding was that we were to discuss especially here the bill that came down to you from the Senate, and until these bills were read by your chairman this morning I did not know that it was the function of this hearing at this time to take up these various bills.

There may be some difference of opinion as to the exact form and functions of such a department and the precise title by which it should

be designated, but the opinion expressed by the representatives of the business interests of the country appears to be unanimous in support of the general idea which is embodied in the pending bill.

The arguments in favor of the creation of a new Federal department of the general character indicated by the bill now before your committee may be stated about as follows:

(1) The United States is distinctively a commercial and industrial nation. It would seem, therefore, not only appropriate but necessary to provide an executive department devoted to the advancement of the commerce and industries of the nation. The magnitude of the manufacturing interests of the country would seem to entitle them to representation in the Cabinet of the President and in the Executive Departments. The Twelfth Census shows that the aggregate value of the products of the manufacturing establishments of the United States during the census year ended June 1, 1900, exceeded \$13,000,000,000, which is probably nearly four times the aggregate value of all the products of agriculture during the same year. If mere figures alone count for anything, it would seem that any interests of such magnitude as this should be worthy of a place in the administrative departments of the Government.

The manufacturing interests in the United States exceed in volume and importance the industrial interests of any nation in the world, and yet there is in the executive department of this Government no department or bureau that is specially charged with any duties relating directly to these interests. Agriculture, labor, transportation, mining, fisheries, and forestry all have distinct recognition in one form or another, but nowhere is there any agency specifically designed to promote the welfare of the manufacturing interests of the country.

There is abundant precedent in the history of the United States Government and of other nations for the establishment of such a department as is proposed and earnestly advocated by the business interests of this country. The Department of Agriculture affords a direct precedent for the recognition of the commercial and industrial interests of the country in a similar manner. The same line of argument which warranted the creation of the Department of Agriculture thirteen years ago is equally applicable to the present situation.

The wisdom and the expediency of giving such recognition to agriculture is unquestioned, and experience has abundantly shown that great advantage has accrued to the agricultural interests of this country from the maintenance of such a department. When the Department of Agriculture was created the total value of all the farm products of the country was \$2,460,000,000; the products of the manufacturing industries of the country are now more than five times that amount in value.

While we are not accustomed to look to other nations for precedents in the conduct of our national affairs, still it may not be out of place to refer to what is being done by other governments along the line which is now urged upon this country. The United States is almost alone among the civilized nations in failing to maintain a distinct governmental department whose function it is to promote the interests of commerce and industry.

England has her board of trade, which exercises a powerful influence upon the commerce of Great Britain and whose president is a cabinet officer.

Germany has a minister of commerce.

France has a minister of commerce.

Belgium has a minister of industry and labor.

Austria has a minister of commerce and national economy.

Hungary has a minister of industry and commerce.

Russia has a special imperial cabinet of four sections, one of which is devoted to agriculture and manufacture.

The Netherlands has a minister of public works and commerce.

Spain has a minister of agriculture and commerce and public works.

Portugal has a minister of public works, industry, and commerce.

Switzerland has a minister of agriculture and industry.

Italy has a minister of industry and commerce.

Persia has a minister of commerce.

Most of the Spanish-American countries have cabinet officials whose functions are distinctly commercial in character.

Such functions as are proposed for the suggested department are wholly in accord with the spirit of our Government and its long-established policy. The Federal Constitution gives to Congress the power "to regulate commerce with foreign nations and among the several States and with the Indian tribes." That it is a part of the established policy of the nation to develop, encourage, and protect its industries is too apparent to require argument. This principle has been recognized from the beginning in the enactment of the customs tariff laws of the nation. In fact, this principle has assumed such pre-eminence in national legislation as to indicate that one of the chief functions of our Government is to create conditions conducive to the growth and prosperity of our manufacturing and commercial interests. It would seem, therefore, to be a proper part of such a national policy to provide a distinct branch of Government for promoting the commercial and industrial welfare of the nation.

The creation of an additional Federal department of the character suggested, with representation in the Cabinet of the President, would be of great advantage to the business interests of the country, and would thus promote the material welfare of the nation. There are innumerable problems which very vitally concern the manufacturing and commercial interests of the country, the consideration of which would properly come within the scope of the proposed department.

To cite a single specific function which would properly fall to that department, I need only point out the enormous importance of the export trade of the United States in manufactured products. During the calendar year 1901 the total exports from the United States amounted to \$1,438,000,000, of which \$395,000,000 consisted of manufactured products, equal to over 27 per cent of the total.

In the last ten years our exports of manufactured products have increased more than threefold, and to everyone who has studied the possibilities of our export trade it must be apparent that the growth of the next ten years in this particular direction will probably exceed very largely the increase of the past decade.

It should be the function of such a department as is proposed in the pending bill to assist in every feasible way in the extension of the export trade of our manufactures. Export trade serves as a most efficient safety valve for our industries. With a strong foothold in the world's markets there would be a less danger of periods of extreme depression in business at home, for foreign customers would take a

large proportion of the products which our home markets might be unable to absorb.

With the great increase in our foreign trade we are confronted with conditions which tend strongly to obstruct further growth in that direction. Realization of the commercial power of the United States and fear of competition leads foreign nations to interpose obstacles to our foreign trade wherever possible. Governmental assistance is necessary for the surmounting of these obstacles or for their removal, and in this a department of commerce could render invaluable service to the business interests of the country.

Such a department as is proposed would provide an additional agency of great efficiency for the administration of existing laws, and would be helpful in framing any new legislative measures which might be necessary to meet new commercial and industrial problems as they arise from time to time.

The maintenance of the proposed new Federal department would not necessitate any large increase in the total of the departmental appropriations. The bill that is now pending does not contemplate the exercise of any new functions or the creation of any new bureaus, but provides merely for the readjustment, the concentration, and the consolidation of numerous bureaus and subordinate departments which are now in existence. Whatever additional expenditures might be necessary would probably be very nearly offset by the economies which would result from the consolidation of various bureaus now engaged upon work that is practically identical. There are statistical bureaus in the Departments of State and Agriculture and the Treasury Department which are doing work that could be carried on with equal efficiency by a single department, and there are numerous other instances of duplicated work which could be consolidated with considerable economy and no sacrifice of efficiency. It would seem, therefore, that there ought to be no objection to the creation of a new Federal department on the ground of expense. It is rather a matter of economy and efficiency than of increased expenditure.

Existing departments will be relieved from a large amount of work that is now necessary in the maintenance of bureaus which are wholly unrelated to their present surroundings. It has been pointed out frequently that numerous bureaus, essentially commercial in their functions, are now attached to departments with which they have no logical connection, but which are thus disposed of because there is no other place for them. The purpose of the Treasury Department is to administer the financial affairs of the nation, and that Department has no logical or natural relation to the business interests or the manufacturing industries of the country. The Department of State has to do with diplomatic relations existing between the United States and other nations, but there is no logical reason for the intervention of the purely diplomatic arm of our Government in any matters relating to commerce or industry.

To eliminate from the State, Treasury, and Agricultural departments all of those bureaus which are unrelated to their surroundings and which deal with the commercial and industrial interests of the country, and to bring them within the scope of the proposed new department, would seem to be in every way expedient and practicable. This would simplify the work of the existing departments and greatly increase the efficiency and value of the consolidated bureaus.

Permit me, in conclusion, to say on behalf of the manufacturing interests of the country, as represented by the National Association of Manufacturers, that we do not assume to dictate to your committee or to Congress just what form the proposed new department should take.

Our chief concern is for the general principle involved, namely, the creation of a new Federal department specifically designed to promote the industrial and commercial interests of the nation. The members of your committee and the members of Congress, with intimate knowledge of the workings of existing departments, are far more competent than we to determine the precise manner in which this purpose can be accomplished and a new department successfully established.

I wish, Mr. Chairman, to present a circular, which is printed, containing a letter addressed to Senator Nelson upon this subject, which contains matter which I think serves to simplify the situation.

The letter referred to is as follows:

JANUARY 31, 1900.

HON. KNUTE NELSON,

United States Senate, Washington, D. C.

SIR: As it was not possible for me to appear in person at the hearings given by the Senate Committee on Commerce concerning the bill to establish a Department of Commerce and Industries, I ask the liberty of adding to the testimony then submitted this communication on behalf of the National Association of Manufacturers.

For nearly thirty-five years past there has been more or less discussion, in and out of Congress, of the proposition to create a Cabinet office whose functions should pertain particularly to the manufacturing and distributing interests of our nation. This agitation, however, has never attained the proportions of a distinct movement until the past five years, during which period the remarkable expansion of our foreign trade has emphasized the need for a governmental department which should provide facilities that would assist our manufacturers and merchants in opening up new foreign markets and developing their export trade. At the same time the period of extreme depression in business at home pointed out the usefulness of such a department in caring for our trade interests within our own country.

At its first annual convention, in Chicago, in 1896, the National Association of Manufacturers took up this subject and placed itself strongly on record as favoring the creation of a Department of Manufactures and Commerce. Since that time this subject has been very vigorously agitated, not only by the National Association of Manufacturers, but by every other business organization of importance in the United States; and it is worthy of note that not a single element of opposition has manifested itself on the part of any of the business interests of the country. The unanimity with which this proposition has been received in every branch of business is strong evidence of both the need and the desire for the creation of the proposed new Federal department.

Anyone who is at all familiar with the present organization of the Federal Government in Washington is well aware of the association of numerous unrelated bureaus in the State, Treasury, Interior, and War departments resulting from the gradual development of the nation's industries and business and the adding of new bureaus for special purposes from time to time as occasion required. The State Department now embraces certain functions that are wholly commercial in character; the Treasury Department, primarily designed for the collection and disbursement of the nation's revenues, embraces bureaus whose sole functions relate to the foreign and internal commerce of the country; the War Department has charge of public engineering works in no way related to the needs of national defense, and the Interior Department has several departments which relate solely to the developed or undeveloped resources of the country, whose only logical connection is with the great productive industries. An examination of the present Federal departments shows that there is not so much a lack of attention to the nation's commerce and industries as a lack of concentration and cooperation of the numerous bureaus whose functions relate more or less directly to the business and industries of the country. If it were possible to concentrate in a new department all of the scattered bureaus now dealing with the various phases of our commerce and industries, there would be provided facilities that would be of

inestimable value in preserving, improving, and extending the commerce and productive industries of the nation, both at home and abroad. The desire of the manufacturers of the United States is not so much for the creation of a new and expensive Federal department with a great extension of the facilities that now exist as for the better organization and more effective grouping of the numerous bureaus that are now devoted to our commerce and industries. I think it is generally conceded that the Treasury Department is now burdened with many functions which have no logical relation to the Government's finances, and which were imposed upon that Department because there was no other place to locate them. The consular service of the United States, which comes under the jurisdiction of the Department of State, is engaged in work that is almost wholly of a business character, and the growth of our foreign trade each year increases the importance of this branch of the service in its relation to our business interests. It is generally understood that the functions of the Department of State are diplomatic rather than commercial, and there seems to be no reason for imposing commercial duties upon that Department except the fact that as our Government is now constituted there is no other place to put them.

There are abundant precedents for the creation of a Department of Commerce and Industries. The same conditions which warrant the representation of agriculture in the Cabinet furnish an equally emphatic argument in behalf of similar recognition of the importance of trade and manufactures. The Secretary of Agriculture is a comparatively new Cabinet office, as Norman J. Colman, the first occupant of this position, was appointed in 1889. For many years prior to the creation of this Department agriculture was represented by a Commissioner, whose bureau was under the jurisdiction of the Interior Department. No man questions the wisdom or the justice of giving to agriculture all the privileges and advantages which are conferred by the maintenance of such a department, and the present movement for a similar recognition of commerce and manufactures is unmarked by any spirit of antagonism or rivalry to the interests of agriculture. On the contrary, it is recognized that the interests of both are identical, and whatever injures or benefits one similarly affects the other. The farmers are dependent for the sale of the larger part of their produce upon those who are engaged in or supported by productive industry and the manufacturing interests of the country. On the other hand, the millions engaged in agriculture are large consumers of all the products of manufacture. During the census year 1890 8,499,948 persons were engaged in various agricultural pursuits, while trade and transportation gave occupation to 3,325,962 persons, and 5,544,772 were employed in numerous manufacturing and mechanical industries, in mining and quarrying, and in lumbering and rafting.

The relative importance of agriculture and manufactures is not so generally understood and appreciated as it ought to be. Agriculture is popularly believed to be in every way the larger interest, but statistics show that this is an erroneous impression. Including the valuation of all the farming lands, both unimproved and cultivated, agriculture shows a much greater investment of capital than manufacturing industries. But this is hardly a fair basis of comparison, as so much of the value of farm lands in some sections of the country is nominal rather than actual. But even without making allowance for this, the aggregate capital invested in manufacturing operations has increased at a more rapid rate than the increase in the value of farming property during the past forty years. This is shown by the appended figures:

Capital invested.

Year.	Agriculture.	Manufactures.
1850	\$3,967,843,580	\$533,245,351
1860	7,980,493,063	1,009,855,715
1870	8,899,966,998	1,694,567,015
1880	12,104,001,538	2,780,766,895
1890	15,982,267,689	6,139,397,785

It will be seen that while the amount of money invested in agriculture has increased fourfold during the forty years, the capital invested in manufacturing enterprises has been multiplied nearly twelve times in the same period.

Half a century ago the aggregate value of all the products of manufacturing industries in the United States was only five-eighths of the value of the agricultural products. The growth of industry has been so rapid, however, that manufacturing outstripped farming thirty years ago, and the last census showed that the value of manufacturing

articles was more than three times the value of all that agriculture yielded. The census figures of fifty years are as follows:

Value of products.

Year.	Agriculture.	Manufactures.
1840	\$800,000,000	\$500,000,000
1850	1,326,691,326	1,019,106,616
1860	1,750,000,000	1,885,861,676
1870	1,958,080,927	3,385,860,354
1880	2,212,540,927	5,349,191,458
1890	2,460,107,454	9,056,764,996

An examination of the statistics of the foreign trade of the country also shows how rapidly the manufacturing interests have increased in importance in this branch of commerce. Since 1860 the exports of agricultural products have increased from \$256,560,972 to \$553,210,026, while the value of the foreign shipments of manufactured articles has grown in the same time from \$40,345,892 to \$133,595,543.

Below are given the figures for a period of forty years:

Exports of domestic merchandise.

Year ended June 30—	Products of agriculture.	Per cent of total.	Products of manufacture.	Per cent of total.
1860	\$256,560,972	81	\$40,345,892	13
1870	361,188,483	79	68,279,764	15
1880	685,961,091	83	102,856,015	12
1890	629,820,808	74	151,102,376	18
1899	784,999,009	65	338,667,794	28

I beg leave to submit these few facts on behalf of the National Association of Manufacturers for the consideration of the members of Congress, in the hope that they will find therein a logical argument in support of the proposed legislation providing for the creation of a Federal department charged with special functions in relation to the productive and distributive industries of the nation.

Respectfully,

THEODORE C. SEARCH,
President National Association of Manufacturers.

And now I desire to say a word for the manufacturers of our country, so far as I am intimately acquainted with them, as to their feelings concerning this matter. Our own association was organized some six years ago, and this subject of having a department such as is now suggested was one of the cardinal principles that was introduced into the formative work of that society, and we have been working for it ever since, and in the six annual meetings that have followed, I think in each one of them the matter has been brought up, and has always been sustained, not only by an overwhelming majority of the members present, but unanimously; and our manufacturers represented by this association, which represents about 1,200 different firms and organizations of the largest kind, Mr. Chairman, are looking with great anxiety to the work which you have before you, with the hope that it will be finally fulfilled, and that a new department will be created somewhat on the lines that I have suggested.

I have talked with numerous other gentlemen representing other branches of commerce, and I find the same opinion prevailing everywhere. I do not find anyone who finds himself particularly competent to criticise the methods now in use; they simply feel that if a department was organized with a man in charge making it his duty to look

after their interests, that the commerce would be greater than can otherwise be maintained.

We are anxious for the future. We believe that the prosperity that we now have will some day wane, and that we will be up against a proposition that will not be very easy to handle, and which will require the very best judgment and the greatest skill that we have, and besides that a thoroughly organized department which will help us to meet the conditions that will some time prevail, and we are of the opinion that just such a department as this will be helpful when such a time comes.

Mr. RICHARDSON. What proposition is that which in the future you will be "up against?"

Mr. SEARCH. The proposition of trade. If I might term it in another way which would appeal more directly to you, the proposition of reciprocity. In one form or another, the restrictions that will probably be placed on our trade by foreign countries will have to be considered and met some way or other.

Mr. RICHARDSON. I notice that you expressed the idea that the Department is to be only commercial and industrial. As to the industrial part, does that intend to embrace—does your idea contemplate—the manufacturing interests and those of labor too?

Mr. SEARCH. In all our preliminary discussion of this matter the question of labor was never taken up, never considered, and, I think, had never been given a thought. Personally, I know that I had never given a thought to that phase of it until I saw this bill here. We had been used to discuss it as the Department of Commerce and Industry.

Mr. RICHARDSON. But I do not see that you could very well carry on a Department of Commerce and Industry without sometime having to consider the question of labor in so far as it is included. Do you think it would be to the interest of the country to unite those interests—that is, the manufacturing and labor interests, in one Department? Would there not be an element of friction?

Mr. SEARCH. There will be elements of friction, I have no doubt; but there is also more opportunity to harmonize those elements of friction when they are in one department than when in separate departments.

Mr. RICHARDSON. Do you not think there ought to be a separate department for labor; is it not of sufficient importance and dignity in this country?

Mr. SEARCH. Yes, sir.

Mr. RICHARDSON. To have a separate department, just like manufactures?

Mr. SEARCH. I am not here to argue that side of the question.

Mr. RICHARDSON. I want to be instructed about it.

Mr. SEARCH. I should think that you would necessarily desire the opinion of some one who had given that considerable study, and I have not. As I told you, the department of industry included the whole range, as we had it, and we did not attempt to make a difference between labor and industry.

Mr. ADAMSON. You cited just now some facts in regard to the Department of State, and therefore I ask you if you do not think the State Department is the proper authority to take up and discuss with all foreign countries the matter of trade and questions relating to the citizens of the United States and their interests?

Mr. SEARCH. There is no objection to their discussing it; but the peculiar functions of the Department of State——

Mr. ADAMSON. With whom would your Department deal abroad except the heads of the governments there?

Mr. SEARCH. That is a question that would have to be brought up by the exigencies of the case. I have no doubt that in the dealing of the Secretary of this Department with other governments, he would have to call in the heads of other departments, and if it all works for the common good, very well. I do not imagine that one secretary can go on and carry out his policy particularly without calling in to his assistance the heads of the other departments. There is a harmonious relation there——

Mr. ADAMSON. What would you do with the consular system; abolish it, or——

Mr. SEARCH. The consular system is provided for in the other bill.

Mr. ADAMSON. You would abolish it?

Mr. SEARCH. I am not discussing that point. I am only talking about the bill; but I would say this—I am free to give you my personal opinion about that—that it seems to me that the consular department should consist of diplomatic consuls, those who have diplomatic powers, and then commercial consuls, and I think most of the consuls existing to-day are of the latter type and not of the former.

Mr. COOMBS. That would depend on where they are.

Mr. SEARCH. Yes, sir; that would depend on where they were.

Mr. COOMBS. That is, where there is not another diplomatic or consular agent, that his function is quasidiplomatic in its character?

Mr. SEARCH. Yes, sir.

Mr. COOMBS. It is simply a matter of convenience?

Mr. MANN. There is now a Bureau of Foreign Commerce, which belongs in the State Department, which covers the consular work so far as trade is concerned. Would you provide for transferring that branch of that Department to the new Department?

Mr. SEARCH. I do not see why there should be any friction on the question of the consular service. I think that it could be arranged between the secretaries in a manner entirely to their satisfaction.

STATEMENT OF MR. JOHN W. ELA, GENERAL COUNSEL, NATIONAL BUSINESS LEAGUE.

Mr. ELA. I am requested by the National Business League, composed of business men in every State, to say a few words on this bill. Probably some of you will remember that I addressed the committee on this subject nearly two years ago. I then presented to the committee, and left on file here, letters and resolutions from six or seven hundred commercial associations and firms throughout the country, representing every State, and from prominent business men representing nearly every branch of business in the country, all favoring this bill. Since that time this organization has kept up a correspondence; that is to say, we have printed the bills that have been introduced, particularly the Nelson bill, and sent them to business men. Considerable of the correspondence has accumulated. Some of it I have here, and I will file it now with the committee, all of it favoring the bill. Not one single business interest or business man

to whom this bill has been sent makes any objection to it. The request for its passage is simply unanimous, so far as we have ascertained.

Now, as to the bill. I will not occupy more than ten minutes or so of your time: and to begin with I will say something in reply to the question that has been asked here in regard to taking some things from the State Department, and whether it will interfere with our foreign relations and the consular service. The principal feature of the bill is the concentration of all the statistics which are now being gathered by various departments into one department, with one head and one set of men doing the work.

The CHAIRMAN. Do you think that you are quite accurate in that?

Mr. ELA. I think I am, Mr. Chairman.

The CHAIRMAN. The Labor Bureau is not—

Mr. ELA. Yes, sir; the Labor Bureau is in there.

The CHAIRMAN. It is?

Mr. ELA. It is; and the Census Bureau. They have a large Bureau of Statistics in the Treasury Department. Of course they come largely from the custom-house officers. They have been gathering them for all these years, and they are collected and tabulated in such a manner that it is impossible to do efficient work with them. They are duplicating the same class of industrial and commercial statistics that the consular service is gathering in the State Department. The State Department is covering the same ground.

The Labor Bureau is gathering a lot of statistics, industrial and commercial—industrial, largely—and the Interior Department, through its Census Bureau, is doing the same class of work.

Now, the main feature of this department is to collect these statistics into one department, under one head, and put them in such condition that they can be used for the systematic extension of our commerce and development of our industries. This bill takes out of the State Department foreign, commercial, and industrial statistics gathered by the consuls.

Take the Interior Department. This Department was created for the very purpose for which you are now creating this Department of Commerce and Labor. It was created to unload the other Departments, which were then burdened with unrelated subjects, and the Patent Office and the Land Office, and many other outside things which had no relation to each other at all, which were dumped into the Interior Department. Now that Department has got overburdened. The Interior Department and the Treasury Department each have more employees than all the other Departments of the Government together, and this bill is taking some of these out of these two Departments. It is taking those things which relate to the subject of commerce and labor. There is no interference whatever with foreign relations. We do not even take the Consular Bureau out of the State Department. We simply provide that, so far as commerce and industries are concerned, the consuls shall make quarterly reports to this department as to statistics and information regarding those subjects in the foreign countries where they are. All duties as to diplomatic relations, so far as they are any—and, as the gentlemen stated, some of them have diplomatic relations in some instances—will remain in the State Department.

Take the custom-house; their statistics, which are all along the line of our commercial relations with other countries—all these are going,

under this bill, into the new Department, and will be classified with the consular statistics.

Mr. COOMBS. Now, you recognize in this bill the consular officers as a part of the State Department?

Mr. ELA. Yes, sir.

Mr. COOMBS. Yet you have allied this new Department with them, and you impose on them obligations and responsibilities to that Department?

Mr. ELA. Only to make reports of statistics.

Mr. COOMBS. They are answerable to two Departments?

Mr. ELA. That may be so.

Mr. COOMBS. One of which has complete control over them, and the other no control over them; still they are responsible to them in that way?

Mr. ELA. They must report the statistics, as I have said.

Mr. COOMBS. They have divided duties, then?

Mr. ELA. They have the same duties as before.

Mr. MANN. If I may call your attention to this on that point: The Senate bill provides that the person who shall be over the consular officers shall be a person designated by the Secretary of State. The Secretary of State designates the person who shall have charge of the consular officers.

Mr. ELA. That is right; and they are required to make quarterly reports to this new Department on all their statistics.

Mr. MANN. That is done directly under the Secretary of State?

Mr. ELA. Yes, sir; under the direction of the Secretary of State. We do not take any authority away from the Secretary of State; we simply take the statistics, and the same thing with regard to the custom officers; we can not take the custom-house officers and put them under this new Department, but we do take the statistics.

Mr. RICHARDSON. The Secretary of State then prepares the statistics and turns them over to the new Department?

Mr. ELA. The Secretary of State is to designate the person to have charge of the reports. I think Mr. Mann (of the committee) said something about what they call now the "Bureau of Foreign Statistics."

Mr. MANN. The Bureau of Foreign Commerce.

Mr. ELA. It is just within the last two years that they have published what are called "Reports of the Bureau of Foreign Commerce," and they are simply an epitome of what the consuls have reported.

Mr. RICHARDSON. What is the particular advantage; if the Secretary of State has these statistics in a concrete form and turns them over to the Department of Commerce, and he publishes them, where and how does the public get any advantage from that?

Mr. ELA. Perhaps it will be well for me to illustrate what we are trying to do in the contemplated new Department by telling you something of the board of trade of England. In 1832 this board of trade of England was established, and it concentrated all these unrelated statistics which we are trying to concentrate here. The man who made that a success was Mr. George R. Porter, an eminent economist and author of *Progress of the Nation*, a standard authority. He concentrated the statistics from the other departments. They made the head of that department a member of the cabinet. It has a secretary and two assistant secretaries and a large staff of clerks.

People who have taken the pains to examine the Blue Books, and

other records and statistics of English commerce, believe that the great progress in England in the extension of her commerce and the development of her industries is due largely, to this department. After the establishment of this department, those statistics, instead of being collected by sets of people from different departments, and so being often duplicated, and instead of being without any general plan of classification, were put under a system by which the right kind of statistics were gathered from the proper places under one authority, and when they come into the office they are properly handled, and put into intelligible shape and periodically published in such form as to show their bearing on each class of business. For thirty years and more Mr. Giffen, another celebrated economist, has been in charge of the statistical bureau, and has steadily increased its efficiency. I think it is not too much to say that upon the proper handling of statistics in one department, with one head, England, Germany, and France have relied principally for the remarkable development of their commerce in the past thirty years.

Mr. RICHARDSON. I can understand very readily the propriety and advisability of transferring all the statistics to the new department. For instance, if you take the consular service from the State Department I can understand the propriety of so dealing with their statistics, but if you leave it in the State Department and allow the State Department to prepare all the statistics and arrange them all, and after they have arranged them then transfer them to the Commerce Department and let that department publish them, I do not see where the benefit is.

Mr. ELA. They do not arrange and classify them.

Mr. RICHARDSON. But here it is made a part of the duty of the consular officers, under the direction of the Secretary of State, to send their reports directly to the Department of Commerce?

Mr. ELA. Yes, sir; that is it. They go directly to the new department.

Mr. MANN. May I ask you one question relating directly to the objections to this bill? The only new officers are the secretary, assistant secretary, the chief clerk, and a disbursing officer?

Mr. ELA. That is substantially all. There is established a bureau of geological survey and mining, which is the present Geological Survey with mining added. The same officials are retained.

Mr. MANN. This bill does not create a lot of new officers?

Mr. ELA. No, sir; but if it creates a bureau of manufactures there will probably have to be a head of that bureau.

Mr. MANN. But this bill does not wipe out any officers, you say?

Mr. ELA. No, sir; except duplicates.

Mr. MANN. Now, you say there are a number of departments of the Government, and everybody knows that statistics come into each one of them separately.

Mr. ELA. Yes, sir; they duplicate each other's work.

Mr. MANN. And different persons, in that case, prepare the same statistics?

Mr. ELA. Yes, sir.

Mr. MANN. That would still be the case if this bill became a law?

Mr. ELA. No, sir.

Mr. MANN. Where do you eliminate anybody who prepares any statistical information that is a duplication of any other information?

Mr. ELA. Anybody who duplicates another's work will be elimi-

nated. For instance, we will eliminate employees where two sets of men are gathering the same statistics for the Census Bureau and the Labor Bureau.

Mr. MANN. No; I beg your pardon. You simply cover a portion of labor in this Department, and you expressly provide that you do not affect it in any other way.

Mr. ELA. Yes; but we have a Bureau of Labor sending men out to get industrial statistics and to find out what the crops were for certain periods, and so forth; we have census reports on same subjects, and then there are reports which the Treasury Department is getting all the time, which are duplicated by consular reports in the State Department. Wherever these duplicate works can not be eliminated the statistics can be classified and made useful by consolidation in one Department.

Mr. MANN. Now, the illustration which you give is not exactly apt, because the Bureau of Labor does not collect statistics, but it is the Agricultural Department, and you do not affect that Department by this bill.

Mr. ELA. I beg your pardon. The Bureau of Labor has 100 employees—70 of them are clerks and 30 are out gathering statistics.

Mr. MANN. But not crop statistics. You do not affect the crop statistics being gathered at all. That will still obtain by all the bureaus that desire to do it. That is the objection that has been raised to the bill that the Government now has various departments and various officers gathering the same statistics, all of whom are continued by this bill, and this bill expressly provides that they shall be continued.

Mr. ELA. That only applies to what the custom-house officers do for the Treasury and what the consular officers do for the State Department. I do not think that those departments could very well dispense with those officers—especially the custom-house officers—but we can classify the work and the results and make them useful in one department and need not have two sets of men doing that work separately, and therefore inefficiently.

Mr. MANN. In case they did not gather the same statistics, we do not have custom-house officers wherever we have a consular officer. We have consular officers who report on what is sent, and the custom-house officers who report on what is received.

Mr. ELA. Together they report on both, and these statistics can be classified properly or effectively only when brought together in one department.

Mr. MANN. They may be classified, but there is nobody provided for here to classify them, and you do not provide for officers to classify them. The Bureau of Statistics of the Treasury Department will remain identically the same, covered into the service with the same officers that it has now, so far as this Department is concerned, and with the same duties.

Mr. ELA. That is not the expectation. The expectation is that when the statistics get into this Department they will be consolidated in one bureau, which will have a competent man at its head.

Mr. MANN. Your idea is that when this consolidation is made, all under the control of one cabinet officer or secretary, or one head, that he will see to it, gradually or suddenly, or however it may be—

Mr. ELA. Yes, sir.

Mr. MANN (continuing). That this work is not duplicated?

Mr. ELA. That is the idea.

Mr. MANN. Although it could be duplicated under the bill if he did not see to it?

Mr. ELA. I presume that it could. I want to say, by the way, that the National Business League is cooperating in entire friendliness with the National Manufacturers' Association in this matter.

Speaking of the matter of expense, we are now paying \$175,000 a year for the Labor Bureau alone. The highest expense that I have seen estimated for this new Department, besides what is now expended by the bureaus to be included in it, is \$50,000 per year. It seems to me this question of expense ought to cut very little figure. You are creating a necessary part of the machinery of the Government. We might as well talk about not having necessary clerks or bookkeepers in a department because it is expensive.

It should be understood that it is not intended to interfere with the Agricultural Department. Everyone with whom I have consulted, and who is interested in this thing, understands that in a country like ours—which is still an agricultural country, something like half of its people being engaged in agriculture—we must have an Agricultural Department; and I take pleasure in saying what I said before the Senate committee a while ago, that in my opinion our Agricultural Department is better than any department of that nature in any other country. It is modern and scientific in its methods, and it is conducted in a manner which promises to thoroughly develop that particular industry. If this contemplated Department shall ever grow into the present efficiency of the Agricultural Department, if it shall come to occupy the position as to the other industries that the Agricultural Department does to-day as to the agricultural industry of the country, its friends will be well satisfied.

Mr. COOMBS. Does this bill relieve any of the departments of work which they are doing now, or which pertains to the new Department which this bill will establish?

Mr. ELA. Oh, certainly.

Mr. COOMBS. It is not so in the State Department. They will have their consular officers.

Mr. ELA. The reports of those officers will come to the new department, and be classified and made useful there.

Mr. COOMBS. They will still have to write for them; they do that now. If a private firm in New York writes asking them (the State Department) for information, they send to their consular officer at some place and get it; they would have to do it under this bill, the same as now.

Mr. ELA. No; they would write to this Department for the information, and it would be forwarded by this Department.

Mr. COOMBS. They would have to do it?

Mr. ELA. This department would be doing the same work in that respect that they (the State Department) are now doing.

Mr. COOMBS. You would do that work twice?

Mr. ELA. We would not do it twice; it would be taken away from them and be done in the new department.

Mr. COOMBS. I do not see how.

Mr. RICHARDSON. How would you classify, for instance, the industrial statistics that are gotten up in the State Department?

Mr. ELA. Those that now come to the State Department would come to the new department.

Mr. RICHARDSON. The statistics of the Agricultural Department are as much industrial statistics as those of the State and Treasury departments.

Mr. ELA. That is true, but we recognize that agriculture is the great industry of this country, and that the work of that Department is being done thoroughly, and this Department does not interfere with it.

The CHAIRMAN. Why, in your opinion, ought not the Bureau of Patents to be included in this proposed department?

Mr. ELA. It is.

The CHAIRMAN. Lying, as it does, at the very foundations of labor.

Mr. ELA. It was not in the bill originally, but it is in there now.

The CHAIRMAN. Why should not the Interstate and Foreign Commerce Commission, being so intimately connected with commerce, be connected with this department?

Mr. ELA. That is not in there, but I think that it should go in. We went as far as we thought we could, at this time. If you will allow me a word in regard to a point suggested as to the interests of labor. The present Department of Labor is the creation of the Knights of Labor; that is to say, the Knights of Labor, which was then, I think, one of the largest organizations of labor in this country, asked for a Labor Department several years ago, and thereupon the Bureau of Labor was created in the Interior Department. Some years later the same organization of workmen said: "We want that to be enlarged; it ought to be a department." And they got it to be enlarged to a Department of Labor, instead of a bureau, but without a representative in the Cabinet. Now, this same organization has sent to the Senate an argument in favor of this bill, and it was read there by Senator Nelson.

Mr. RICHARDSON. You mean an argument to unite the interests of labor with the manufacturing interests in the same department?

Mr. ELA. Yes, sir; I have here a copy of it printed in the Congressional Record.

Mr. RICHARDSON. Now, I am not understating the importance of the manufactures of this country, but I am calling your attention to the fact that while you are laying a great deal of stress—and properly—on the manufacturing interests, does not labor occupy a position equally important, and would it not be of as much importance as the manufacturing interests?

Mr. ELA. I certainly think so, and I think the interests of labor will be much better taken care of in this department than if they were left in a bureau by themselves. Labor forms much the largest proportion of every manufactured article of commerce. Anything done to protect, develop, or extend commerce applies to the laborer even more than it does to the manufacturer or the merchant. Practically the interests of labor, manufactures, and commerce should be taken care of together in one department. A bureau of labor, aside from its connection with manufactures, can do very little except, perhaps, in the matter of strikes, and then only on interstate transportation lines. You remember in 1888 Congress passed a bill by which the President could, in the case of strikes on interstate roads, appoint three men as arbitrators, one of whom should be the Commissioner of Labor. That has been made use of just once, namely, in the Chicago railroad strike, and that was after the strike was over, and they did make a very good report.

Mr. Wright is a good man, and I hope that he will be retained; but I think that it will be more practicable to have the Bureau of Labor in this Department.

The home department or office in England attempted, among its other duties, to do something for labor, where it is disconnected with manufactures and commerce, and what they did is simply what our States are doing; that is, looking after the employment of women and children in mines and factories and sanitary regulations and hours of work. All those things are being well attended to by the States—the State legislatures in this country. It could not be done by a Federal department here.

Mr. RICHARDSON. Now, I understand you to say that in the hearing before the Senate committee some organization of labor had asked that labor be consolidated in this Department that you propose?

Mr. ELA. Yes, sir; the Knights of Labor. It is only fair to say that there was a protest from another labor organization against including the Labor Bureau in this Department.

Mr. RICHARDSON. That is the American Federation of Labor.

Mr. RYAN. That is really the largest labor organization of the country, is it not?

Mr. ELA. I do not know; I think not.

Mr. RYAN. You are wrong on that.

Mr. RICHARDSON. There was a protest against that.

Mr. ELA. Yes, sir, by Mr. Gompers, I think.

Mr. LOVERING. Is it not true that this organization of the Knights of Labor has given place to the American Federation of Labor?

Mr. ELA. I do not know. I simply say that the labor organization which was originally instrumental in the creation of the Labor Bureau, and afterwards in its expansion to the present Department of Labor, now seems to favor the putting of that Department into the Department of Commerce and Labor.

Mr. WOOD. I think perhaps the National Board of Trade ought to be heard next, and there are a number of gentlemen here who wish to be heard, yet these gentlemen coming from a distance, and it not being so easy for them to return as for us who live closer, I should like that they should have the opportunity of addressing the committee this morning, and I should suggest that Mr. Barbour, of Detroit, Mich., should speak first.

STATEMENT OF MR. GEORGE H. BARBOUR, OF DETROIT, MICH.

Mr. BARBOUR. I have no desire to take up any great length of your time on this subject. I am simply here to represent the Western manufactures, which you of course all know during the last twenty-five years have become very prominent. In my own city, Detroit, we excel in some particular lines of manufacture. In the line which I represent, stoves, we do one-fifth of the business of the whole United States, \$5,000,000 of products, and there are \$30,000,000 to \$35,000,000 of products in the United States.

To mention some other varieties of manufacture, 21,000 wooden cars are turned out by the American Car Company, at a value of over \$13,000,000, giving employment to over 4,000 people.

We ourselves, in our line, employ over 4,000 people in Detroit, and we have other things; and you will find in the West as you go farther,

in Chicago, Milwaukee, and other cities, that all these cities are largely increasing and adding to the general wealth and prosperity of the localities; and as for Minneapolis, we of course all know that we are largely dependent for the staff of life on the products of that section; so that all over the West we are becoming largely interested in our manufacturing—it builds up our cities and our towns.

Now, I have been interested in this subject, and I have given it a good deal of thought, and I have endeavored to find out the opinions of many of our Western manufacturers, coming in contact with them. I have in the past six months come in contact with all the leading manufacturers in our particular line, and have asked them the question as to how they feel toward the project of this new department, and I have yet to find the man who was not heartily in accord and anxious to have it established.

Still, it has been suggested, and our president, Mr. Search, has had a great deal of experience and is as thoroughly conversant with the manufactures of the country as any man I know of, and I am free to say that all the manufacturing interests are asking for this specific part, and, not going into details, what we want is simply a department that will look directly after the manufacturing interests; although, of course, we have a department now, where, however, we have to beat around the bush to get to the matters of interest. But we want a department that will, as I say, attend directly to matters concerning manufacturing, so that we may be able to get what we want to have—something direct.

Now, I believe the Agricultural Department of the United States has done a great deal of good, and I believe it has done its work well, and I do not know of any department that would work so in harmony with the Agricultural Department as this new Department, because they are interested in each other. If the manufacturers do not succeed and are not able to give employment to their large numbers of employees, why the Agricultural Department will be affected. These two departments, it seems to me, would work very closely together, and their interests would be allied together. And reading from the bill, it seems to me that section 3 of this bill provides exactly what is necessary, really. No doubt a great many other things could be added, but I am inclined to think that it is better to start in by not having too much, and make it relate to the specific interests of manufacturers—

Mr. CORLISS. Would you not include commerce?

Mr. BARBOUR. Oh, yes, sir. That is the part, of course. We are all interested in that, and in this section it does take that in. It says here:

That it shall be the province and duty of said department to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping, and fishery industries, the labor interests, and the transportation facilities of the United States.

Now, it seems to me that is concise, and yet it covers a good deal of ground.

As to the labor interests, I am one who believe in and want to see labor successful and want to see it have its rights. As a manufacturer I have always acted upon that feeling, and I believe that its interests are mutual, and at the same time, with this department, in looking after the interests of manufactures it is still provided for that labor shall have its reward, and it should have it. I think they work together

very nicely. The time has come when the manufacturers have to be reasonable and try to avoid strikes and difficulties, and I think they realize it, and it is a proper thing to do; and I think it will be brought about if this department is created that the laborer and the manufacturer and the employee will be greatly benefited.

Now, it is not necessary, it seems to me, to go into details on this. You gentlemen are as well informed regarding them as we are, and I will simply say to you that I believe that you will find that the manufacturing interests of this country are all in accord in urging you to create this department.

Mr. BARBOUR filed the following resolutions:

Whereas the industrial, manufacturing, and mercantile interests of this country are of such importance as to imperatively demand the establishment of a national department devoted to the promotion of these varied and vital interests; and

Whereas these interests have greatly increased in magnitude and importance, and promise, in this new era of commercial prosperity, a still larger development; Therefore, be it

Resolved, By the board of directors of the Merchants and Manufacturers' Exchange of Detroit, Mich., that we respectfully urge the passage by Congress of Senate bill No. 738, introduced into the United States Senate on January 10, 1900, which provides for the creation of a Department of Commerce and Industries equal in prominence to any of the great departments of the Government.

Resolved, That copies of these resolutions be sent to our Senators and Representatives in Congress, with the request that they favor the passage of said bill.

Unanimously adopted.

WALTER S. CAMPBELL, *Secretary*.

STATEMENT OF MR. L. W. NOYES, OF CHICAGO, ILL.

Mr. NOYES. Mr. Chairman and gentlemen, I only wish to speak of one feature involved in the bill to establish a new Department of Commerce and Labor, viz, the possibility of the establishment and maintenance of a constant condition of prosperity.

Those manufacturers and merchants in this country who have a trade or business all over the country seldom feel local disturbance of the market. A drought or a flood may cripple business in one locality, but our country is so broad and so diversified that always a great portion of it still enjoys prosperity, except in case of financial crisis or panic; but when panic comes, as come it does, sooner or later, we must look to a broader market to maintain our condition of prosperity. If we had the available markets of the world as well developed and in hand as we have our own, a business depression here might be tided over without great suffering; even as it is, the great manufacturing establishments and commercial organizations, having been able to establish for themselves foreign markets, are not so much in need of this department as are the smaller establishments, where cooperation is impracticable and where the individual can not alone seek out this foreign market. For such establishments and for labor, this Department of Commerce and Labor is of the greatest importance, and of all the interests involved that of labor is the greatest.

A farm, the cash rental of which is \$3 or \$4 an acre, often produces \$20 to \$40 an acre in a single season. The difference between that \$20 or \$40 and the cash rental plus the small amount that is expended on seed is the part that labor has in that product.

The iron ore in the ground, which will produce a ton of iron, is represented by a comparatively few cents. It begins to be valuable when

labor is added to it in taking it out of the ground, loading and transporting it to the lakes, and running the ship which takes it to the furnace. The value of coal that is necessary to make this ton of iron is comparatively small while it is yet in the ground, but when it is mined and transported to the furnace and has contributed its portion toward making a ton of iron it becomes valuable. When this ore and this coal have by labor been made into iron the element of labor which has gone into that ton of iron is by far the greatest item. These are comparatively simple products. Into others labor enters very much more largely. Labor is a very much larger item in textile products, in machinery, and agricultural implements. In these the item of labor is the one great thing to be considered. It is impossible to export or in any way dispose of our surplus labor except by putting it into some merchantable article and shipping that article abroad. Labor can not be exported in any other way. Any plan that will increase our markets abroad will help labor. In times of business depression labor is the great sufferer.

After years of plenty capital can wait for a return of prosperity, but labor, which depends upon its daily wage for daily bread, can not wait. At such times the least intelligent and most improvident laborers are the first to lose their places and the first to become great sufferers. Thrown on their own resources they are least able to shift for themselves when a change is necessary. If the strong arm of Government, in the form of this new Department of Commerce and Labor, would reach out in this time of plenty and secure for our products all of the available markets of the world, and put the small manufacturers and producers in touch with the small consumers in foreign lands, when the business depression comes, as it will come sooner or later, a small reduction in prices would take to those foreign markets our surplus and keep labor profitably employed. Business depressions do not often occur in many countries at one time. Such of our people as have foreign markets do not feel the depression which now prevails in Germany, and if this country had all the available foreign markets that it might have it would not suffer acutely from a business depression here.

I can conceive of no other permanent and sure relief to this constantly recurring danger than the cultivation, establishment and maintenance of foreign markets for our surplus, and labor will profit more by this department, through this means, than any other class of individuals. Next to labor, the profit will mainly go to the small producer and small manufacturer. But the masses of our people will derive a great benefit from the department in the general prosperity it would help to maintain. People who are out of employment can not buy. Merchants can not sell when their customers are in want. The strong arm of Government should reach out and secure for its people, every available market and every available guaranty against want and suffering in time of business depression. It can do this at a very small cost, by gathering together the bureaus which bear upon the subject of commerce and forming them into a department where the work will be systematically and thoroughly done.

The CHAIRMAN. Allow me to ask you a few questions. Are you familiar with the Commercial Museum in Philadelphia?

Mr. NOYES. Somewhat.

The CHAIRMAN. You have been——

Mr. NOYES. I have been a subscriber to it.

The CHAIRMAN. In your judgment would it be practicable to unite an institution of that character with a department of this kind, and if so, would it have beneficial effects in the direct line that we have been discussing?

Mr. NOYES. It might be an important factor.

The CHAIRMAN. Now, with other gentlemen of this committee I visited that museum in Philadelphia once. We found there, for example, every trade journal published in the world. We found the important parts of each of those publications, so far as they were of interest to our merchants, to our manufacturers, were translated, I think, from twenty-six languages. We found there samples of the productions of every country, the raw material, and samples of the leading articles which each of these countries imported, the very style of shoe or of prints that were most affected by those people.

Would it be possible, in your judgment, to unite some such object lesson of foreign commerce with a department of this Government which would be useful in extending trade?

Mr. NOYES. It might be an important adjunct, but I do not think it would be a controlling one. I sent a man to the Philadelphia Museum, who spent some time studying the matters there found, but we did not derive much benefit from it. Our position may be peculiar, because we manufacture articles of our own design, and have impressed that fact upon foreign countries, and they take the things which we make, and which we have designed. We are not undertaking to imitate the things which they are using.

Mr. LOVERING. Mr. Noyes, do you know of your own knowledge whether other countries are not doing much more than we are to seek out foreign markets; the countries of Great Britain, and Belgium, and France, and Germany?

Mr. NOYES. I know that they are, and that they have departments corresponding to the one which we seek to establish.

Mr. LOVERING. Do you not know that they maintain commissions in this country?

Mr. NOYES. Yes; I have had their representatives at my factory, and I know that they are looking after those matters with great care, while we have neglected them. I feel that the strong hand of the Government could and should do this work for our own permanent prosperity.

Mr. WOOD. Mr. Chairman, what limit of time have we?

The CHAIRMAN. We are obliged to close these hearings promptly at 12 o'clock each day.

Mr. WOOD. You were generous in telling me that another time would be afforded us—

The CHAIRMAN. We have allotted two weeks to the consideration of this subject.

Mr. WOOD. We will not take very much longer, and would like Mr. Anderson, of Pittsburg, to have a few minutes.

STATEMENT OF GEORGE H. ANDERSON, OF PITTSBURG, PA.

Mr. ANDERSON. I will not trench upon your time to any great extent.

The CHAIRMAN. I do not mean to say that there will be no to-morrow.

Mr. ANDERSON. Mr. Chairman, I am sent here by the citizens of

Pittsburg to speak on this matter, and I might say briefly, without attempting to exploit my city too much, that Pittsburg is supposed to be the great producing or industrial center of the world, and it goes without saying that people whose industries are of such a colossal character would be supposed to have something very pointed and definite to say on this subject.

The consensus of judgment among us to-day is that such a department as the one under consideration is a prime necessity to the traffic of this country, to its perpetuity and its success.

I feel very much like saying, in the very few minutes which are left, some things which are rather in answer to the questions of the gentleman over to the right, Mr. Richardson. They covered a great deal of ground, and are very pointed. He raised the question whether the departments which now have charge of the things which interest the commerce of the country so much, where they are being well attended to and disposed of, should be changed, or why they should make a change, or ask for the creation of a new cabinet department.

I might answer that by saying that in the early history of this country we had no cabinet departments. For a number of years committees and bureaus did the work, the President gave his orders to clerks, and rendered much personal service. A few years after that, with the growing interests of the country, three departments were organized. Those three departments—I think they were the State Department, the Treasury Department, and the War Department—transacted the entire business of the country—of the Interior, the Navy, the money and commerce—and everything that affected the welfare of this country was done by three departments, and the question might well have been raised, when it was proposed to add a Department of the Navy and of the Treasury, “are not those departments doing their work well and successfully; and if so, why should there be any new department organized?” But the development of the country required something better.

MR. RICHARDSON. There was not the population——

MR. ANDERSON. I am coming to that, and I am going to tell you what the population is to be. There were then 7,000,000 people, population increased greatly, and to-day we have about eight departments transacting the business of the country and doing it well; but no one on this committee will say that we can dispense with the services of any one of those eight departments which are doing so well. And now the increase of population and expansion of our activities which have brought eight departments to the front have rendered eight departments insufficient to transact the business when we have an export traffic of \$2,000,000 a day in favor of the United States, a thing unknown in the previous history of this country.

For one hundred years we were the debtor nation; we could not raise money enough to pay our debts in Europe. And the result was that every few years we would all burst up in this country and sell out to Europe and start up again. But we have \$2,000,000 daily as the balance of trade in favor of this country; and what is doing all this? It is the industrial interests of the nation, and these forces, with their unlimited wealth, intense activity, and the relations of the United States to foreign countries, have brought all the world to our door. They are paying tribute to us to-day at the rate of \$600,000,000 or \$700,000,000 a year over and above imports, which means that in

another generation the great industrial and commercial and financial forces of Europe will be transferred to the shores of the United States.

In this enlarged condition of affairs these forces that are producing this enormous export traffic deserve and require more consideration than is possible when divided up among the present existing departments. Hence an imperative demand for the establishment of a new department which shall give undivided service to the commerce and industrial activities of the nation. Its establishment is necessary to keep pace with the enlargement of the business interests and population of our country, and is asked for by an almost universal sentiment.

Now, it seems to me that is a fair answer to the question of the gentleman as to the sufficiency of existing departments to give commerce the attention it deserves. There was another question perhaps addressed by this same gentleman which I regard as hardly fair at this time, and that was, "Do you not think that the labor interests are as well entitled to representation in this way as commerce?" Now, these gentlemen here who have addressed you this morning had hardly considered that question, for the reason that no legislation is now before Congress providing for such a department, and it would be a proper question when such a bill would be presented.

Mr. RICHARDSON. I am not underestimating the interests of the manufacturers.

Mr. ANDERSON. I understand; but you pressed these men very hard on that line outside of the bill now under consideration.

Mr. RICHARDSON. You have labor included in this bill?

Mr. ANDERSON. I know; but you pressed these men to say whether the Department of Labor should be included.

Mr. RICHARDSON. I did; I wanted their opinions.

Mr. ANDERSON. That is the point. My opinion is that you are just a little in advance of the procession. We have met the requirements, or propose to meet the requirements, of commerce and industry by this bill. My own judgment is, not affecting this bill at all, that the interests—the industrial and labor—are so closely involved with the prosperity of the country that labor will be entitled to a representation in the Cabinet when its importance reaches the height that would justify such a representation. But we are not here to discuss that question to-day.

Just one word more. I know the time is out, but if you will make a little allowance for me, I will come out in the end at the right place.

Mr. RICHARDSON. We will give you more time to-morrow; we want to hear you.

Mr. ANDERSON. You are very kind. I just want to say that this development of our great industries is arousing the attention of the whole world, and the best and wisest diplomats in the old country to-day are united on this question of the supremacy of American commerce, and would, if possible, checkmate it, and if within the range of possibility entirely override our prosperity as a nation. In Germany and Belgium and France they are all consulting together to-day and using their greatest endeavors, with all the wisdom of the diplomacy that is a thousand years old, to destroy American commerce.

Now, if this is a fair statement, I would ask what power in the world can meet that in Europe, backed by their Governments, except the Government of the United States, and with a department established in Washington for that especial purpose?

Mr. COOMBS. For that especial purpose?

Mr. ANDERSON. Yes, sir.

Mr. COOMBS. That means that you represent the manufacturers?

Mr. ANDERSON. I represent more than that, a great deal. I represent the great industrials, which means and embraces all the commerce of the country.

Mr. COOMBS. Now, your idea is in establishing a Department of Commerce to bring about a better trade relation with foreign nations?

Mr. ANDERSON. Unquestionably that would be a part of the duties of such a department, and an essential part.

Mr. COOMBS. And unrestricted trade?

Mr. ANDERSON. I did not say that.

Mr. COOMBS. I asked you that question.

Mr. ANDERSON. I know you did.

Mr. COOMBS. By a reciprocal relation of the United States?

Mr. ANDERSON. I believe in reciprocal trade relations, and not a system that would build up a wall against other nations.

Mr. COOMBS. That is, for the manufacturing industries?

Mr. ANDERSON. I did not say so. I am a broader man than that, and would like the new Department to cover all that relates to the commerce of the country as well as its industries, which carries with it the interests of labor.

Mr. RICHARDSON. You are in favor of a revision of the tariff?

Mr. ANDERSON. I am in favor of a tariff that would protect us in our relations with other countries. Mr. McKinley's last words, almost—and they should be treasured by every patriotic man in the country—were to this effect: "We can no longer go on," he said, "selling to people and buying nothing from them in return. That bankrupted fellow will go back on us some day. We must take care of him reasonably well, or pay the penalty of a traffic entirely one-sided."

Mr. RICHARDSON. We can no longer go on in this great prosperity, which is true, and which we all rejoice in, but at the same time selling articles of utility and necessity and everything in Europe cheaper than we do in our own country.

Mr. ANDERSON. Now, is not that a new question which does not confront us in this issue? I do not know whether I would do it as a business man. At best it is but a doubtful expedient in traffic relations.

It seems to me that if I produce more in my factory than I can sell at home and a customer should come from Germany and say "I will give you 75 cents on the dollar for that and take your surplus away," I would incline to reply, "You had better take the goods;" and that might be good policy for a temporary expedient, but I would not recommend it as a sound business principle.

The CHAIRMAN. If any gentleman has a brief that he will favor us with he can leave it with the stenographer.

Thereupon, at 12 o'clock m., the committee adjourned until to-morrow, Wednesday, March 26, 1902.

COMMERCE DEPARTMENT.

WEDNESDAY, *March 26, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

STATEMENT OF MR. WILLIAM L. BASS, OF NEW YORK CITY, N. Y.

The CHAIRMAN. Mr. Bass, will you please tell us who you are?

Mr. BASS. My name is William L. Bass; I am an exporter and importer, of New York City.

Mr. Chairman and gentlemen: I would like to call your attention to a few remarks, entirely unprepared for this specific purpose; but as I have been associated with the subject for some time I think they will be of interest to you. What I have to say relates particularly to the feasibility of enlarging our foreign markets through the medium of legislation, which I believe is being considered by the committee here at the present time.

I am a manufacturer of machinery for exporting, and I am also a planter in the West Indies, engaged in importing into this country, and I have lived for many years in those countries—the Latin republics. I do not want to advertise my business, but I want to get right down to facts that will interest you gentlemen, I am sure.

Some months ago there was held in this city what was termed the reciprocity convention. I was a delegate to that convention from the South Brooklyn Board of Trade. I attended that convention, and the records of the convention will show that every member and every delegate there was unalterably opposed to the ratifying of the reciprocity treaties which are at present awaiting ratification. Every delegate objected to those treaties.

The convention afforded an opportunity for the representatives of every particular industry to vent its grievances and put all sorts of impediments in the way of ratifying these treaties.

I was there not for the purpose of objecting to the treaties, but for the purpose of indicating to the members present the impediments on the part of the other people which made it impossible to bring about any effective reciprocal treaties for the purpose of extending trade. At the convention my theme was the inconveniences of the Latin Republics, and I think it is proper to explain the same thing now.

These Latin Republics—I mean the Latin Republics of the South American continent, the West Indies, and so on—have not adopted our system of national taxes, and they are solely dependent for the resources with which to carry on their internal government, law and order, and so forth, upon what we term our customs. They have not even any internal revenue like we have.

Now, under the circumstances, where they have only this one source of revenue, it is very difficult for them to dispense with that revenue in return for a similar concession on the part of the United States in regard to its tariff when they go to make a trade deal. The result is that the industries of those countries realize that they would like to get a concession from the United States, but they realize the inability of their governments down there to take their schedules and knock them off and exchange with the people of the United States.

The result has been that all attempts at reciprocity treaties hereto-

fore have consisted in the placing of the United States tariff law on the one hand and then the tariff of the other countries on the other hand, and then the comparing of item with item, and the modifying of one little thing and another, and the result has been finally presented to the United States Government. And the ratification of those treaties is a long way off. There are treaties here which are two years old, and which are not considered.

Now, at the reciprocity convention I tried to show how impossible it was that this little dickering should bring about any satisfactory results.

We will say, for instance, that the export duty on lumber was \$2 on logwood and the difference was 15 cents, and taking off the $7\frac{1}{2}$ cents on lumber on one side and $7\frac{1}{2}$ cents on the other would not bring any material benefit to either country, and I tried to present to them these considerations and convince them that to merely lop off a certain percentage in that way and make the percentage of reduction mutual would not produce any benefit; that the Latin Republic, whatever it might be, whether Mexico or any other of the republics, will have its tariff to suit its convenience, and that in the consideration of these reductions each one simply agreed upon a mutual percentage of reduction.

There was no trouble about the "most-favored-nation" clause in this, for, as I indicated, the United States could make the open offer, not specific, to anybody, and then the Latin countries could accept as much of that offer as they found themselves capacitated to accept.

Well, the subject was not very well entertained, because, as I say, there at the convention everybody was unalterably opposed to any reciprocity treaty being indorsed under any circumstances. This convention was held just before the President's message came out, and after we had been together for a couple of days we decided that the convention would indorse reciprocity in the abstract, and suggest a bureau of trade and commerce, the chairman of which was to be dignified with a portfolio. Those were the resolutions adopted.

It is not of interest to you gentlemen here to know the details of what became of all the suggestions which were invited, or the manner in which everything was put aside and nothing considered, and this thing was brought on. It was not even parliamentary; but that is irrelevant to the subject here.

I know one gentleman—I need not mention his name, he is a Senator of the United States—who said, "This convention has gathered here, and very evidently, as the record shows, they are opposed to every treaty from every standpoint; and now here they turn around and indorse reciprocity in the abstract;" and I said if Congress, which was going to meet shortly, took any notice of the resolutions, they would indorse those reciprocity treaties, and they were the very things which were not desired. We talked the matter over, and he understood it, and I was given to understand that there was not much prospect of the treaties being ratified. However, I was not concerned about that. I have had a treaty here for over two years, and it has really grown out of any use because matters have altered so.

MR. DAVIS. May I ask you whether that convention which you speak of regarded the passage of such a bill as this as a probable step in the direction of eventual reciprocity?

MR. BASS. I am going to get to that now, sir.

MR. DAVIS. I understand you mean to say that this was a sort of

compromise of the matter, the suggestion of this department—a sort of an outcome.

Mr. BASS. It was, and it was not. I will show you in a minute how.

The treaties to-day between one nation and another are the political treaties, and it is generally understood that the Constitution entitles the executive part of the Government, as well as the Senate, to effect these treaties without any reference to the lower House. But it is also currently understood that when these treaties involve commercial considerations which affect the revenue of the United States the treaty must come down to the lower House. I believe that is right.

Now, heretofore, when a treaty is drafted by, say, the Department of State and presented to the Senate, if it has any commercial relations it is then sent down to the Ways and Means Committee and before the Ways and Means Committee, as is instanced now in the case of Cuba, all the different industries have an opportunity to come and present their objections.

In the instance of Cuba you only have two objections, the objections of the sugar and the tobacco industries, so far, at least.

Now, even under those conditions the Committee on Ways and Means is a place where the different industries can get together, and they can just put enough objection forward against a thing so that when the bill is passed back to the Senate a reciprocity treaty is never effected.

Instead of my opposing the creation of this department, I think it would be a good thing from this standpoint, which is a negative one. The creation of this bureau will simply allow every interest in the United States to keep on file a standing protest, so that before going into the question you can simply turn around to the department and see if there is any objection on file, and if so, what it is and from whom. Every industry, when it comes to be critically examined, objects to any reciprocity treaty, and this bureau will simply be a headquarters where standing protests will always be on file, and I think that instead of encouraging treaties which make for the extension of American trade, this will be a great impediment in the way.

Now, the mere fact that it will be such a material impediment will be its utility. It will make it apparent that the old method of taking one tariff of one country and another tariff of another country and considering the different items, which is the old way of doing it, is inefficient, and that nothing can be done, because it affords every little industry an opportunity to vent its grievance, and it will bring about the new way of reciprocity, which is to duly respect the tariff of one country and duly respect the tariff of the other and then consider a percentage reduction, and that is being done to-day in the case of Cuba for reasons that are not necessary to mention. The Cuban scale is not mapped out alongside of the American schedule to-day. Nobody has suggested that. When it comes down to the practical question of doing something, it is decided to lop off something. Now, the establishment of that bureau will be the means of blocking reciprocity treaties until it is decided to handle all reciprocity treaties along the reduction basis; and I think the sooner it is established the better, because I think it is the way to secure the extension of American trade. I thank you very much for your attention.

STATEMENT OF MR. THOMAS F. TRACY.

MR. TRACY. Mr. Chairman and gentlemen, I represent the American Federation of Labor, an organization consisting of 90 national and international unions located throughout the United States, 22 State bodies, 300 local central bodies, and about 1,200 other local federated unions of organized labor throughout the country, with an aggregate membership of about a million and a quarter members. At the various conventions of the American Federation of Labor, which are held yearly, resolutions have been offered and passed asking Congress to create a Department of Labor, with a representative labor man at its head, and he to have a seat in the Cabinet.

We have no particular objection to the creation of the Department of Commerce, but we ask that in the creation of that department there shall also be created the other department independent of that, known as the Department of Labor. We feel that in the President's official family, where the interests of organized labor are being discussed, that advice and counsel should be given by a man who is in close touch with organized labor and who knows and realizes what its needs are.

We are not committed or opposed to any of the bills that have been submitted along the line of creating this Department of Commerce; but when the bill that passed the Senate, the Nelson bill, was under consideration we wanted to ask that the Department of Labor be left entirely without the scope of that bill, and without taking up the time of the committee I would read a letter that was addressed by Mr. Gompers, the president of the American Federation of Labor, to Senator Frye, President pro tempore of the Senate, when that bill was under consideration:

JANUARY 20.

HON. WILLIAM P. FRYE,

President pro tempore United States Senate.

DEAR SIR: The bill pending before your honorable body, Senate bill 569, is as you know to establish a Department of Commerce, with the creation of an office to be known as Secretary of the Department of Commerce. A perusal of the bill shows that it proposes to transfer the Department of Labor to the proposed Department of Commerce, and it is to this particular feature to which your attention is respectfully directed.

As you know, the Bureau of Labor Statistics was created at the earnest solicitation of the organized labor movement of America, and subsequently changed to the higher position of the Department of Labor. This, too, in response to the earnest request of the American Federation of Labor, and the hope has been long entertained that time would demonstrate the wisdom of an independent executive department and its chief officer a secretary with a voice in the councils of the President affecting matters particularly relating to the great interests of labor.

No keen observer disputes that the all-absorbing and burning question of our time is expressed in the terms, the labor question. In the effort to establish the rightful relation of the workers to society, in the production of wealth and in its just distribution, is encompassed all the complex questions of our lives.

That justice should be meted out to all the workers, no thoughtful man will deny. Anything which is not based upon ethical considerations for all, no intelligent trade unionist asks.

Questions often arise in the official family of the President of the United States in which justice, fair dealing, ethics, and the law and its administration must frequently be under consideration, and unless there is some representative of the workers competent to speak in their name, to advocate their cause, to convey to the Executive head and his advisers the laborers' side of labor's contention, he and they must be deprived of valuable and far-reaching information. It is to supply this present deficiency that the American Federation of Labor has asked, and should repeat and increase its efforts to secure the enactment by Congress of a law creating a department of labor, with a secretary who shall have a seat in the President's Cabinet.

The creation of a Department of Commerce with the provision for the subordination of the Department of Labor will minimize the importance of labor's interests and minimize the present Department of Labor. Against such a procedure, in the name of American labor, I enter my most solemn protest.

There can be no question that the members of a President's cabinet are representatives of the employers' and business men's side of industry, commerce, and finance. Our ambassadors and consuls to foreign countries are agents and advocates of the same interests, and there can be no good reason for the creation of a Department of Commerce, particularly when the Department of Labor, which was created for a particular purpose in no way germane to a Department of Commerce, and which it is purposed shall be absorbed thereby to the detriment of the interests of all our people.

It is therefore urgently requested that in the event that the honorable Senate should deem it wise to enact Senate bill No. 569, that the Department of Labor, as now constituted, may be eliminated from its provisions. I trust, too, that you may extend the courtesy of submitting this communication to the Senate of the United States.

I have the honor to remain, yours, very truly,

SAMUEL GOMPERS,
President American Federation of Labor.

Now, Mr. Chairman and gentlemen, this communication applies to all the bills that are introduced here on this subject so far as we, as organized workers, are concerned.

The CHAIRMAN. Just one moment there, if you please. What action has been taken by any of the larger societies of organized labor upon this subject, of a recent date, since the pendency of this bill?

Mr. TRACY. Since the pendency of this bill?

The CHAIRMAN. Yes, sir.

Mr. TRACY. The last action taken was by the American Federation of Labor, which was last December, at its annual convention at Scranton, Pa. At that convention there were 375 representatives of the various organizations throughout the country, and that convention, by a unanimous vote, instructed the officers of the American Federation of Labor to petition Congress for the creation of a department of labor separate and distinct from a department of commerce. That was the last action of the organized workingmen of this country.

Now, Mr. Chairman, I repeat that this letter covers all the bills that have been submitted here in regard to this question, and without taking up any further time of the committee I would respectfully ask, in the name of the American Federation of Labor, that whatever your judgment be in the framing and reporting of a bill on this subject the Department of Labor be left out of this proposed department and be left separate, as it is now, so that we may continue to work as we have been doing for years in attempting—asking Congress—to pass a bill creating a department of labor separate and distinct from a department of commerce.

Mr. COOMBS. Did the Scranton convention, asking for the establishment of a separate department go so far as to assert an opinion against the insertion of the Labor Bureau in this bill pending the agitation for that department?

Mr. TRACY. I would say yes. The information that we had at Scranton was that the title of one bill that was introduced was "To create a Department of Commerce and Industry," and we took it that that contemplated embracing labor.

Mr. COOMBS. You thought that "industry" would pertain to the labor part of it?

Mr. TRACY. Yes, sir; and I can send a copy of the resolutions that

were passed at that convention to the committee, can have it here to-morrow morning, in which we resolved that this Department of Labor should be separate and distinct from any department that it might seem to be the intention of Congress to create.

Mr. MANN. Mr. Tracy, as I remember it, the Senate bill that you referred to as originally introduced was entitled simply "A bill to create a Department of Commerce?"

Mr. TRACY. Yes, sir.

Mr. MANN. Did it include as one of its items any exchange of the Department of Labor to the Department of Commerce?

Mr. TRACY. That was afterwards added. It was not in the original bill, as we understand it.

Mr. MANN. The Senate inserted it?

Mr. TRACY. Inserted it.

Mr. MANN. And changed the title to "An act to establish a Department of Commerce and Labor?"

Mr. TRACY. Yes, sir.

Mr. MANN. As I take it, the American Federation of Labor has no objection to the bill creating a Department of Commerce?

Mr. TRACY. Not at all. We certainly would not have objected to that bill as it was, leaving the Department of Labor out.

Mr. MANN. I suppose you understand that a bill creating a department of labor would not come before this committee; it would go to the Committee on Labor, and I suppose that we would not have anything to do with it in this committee.

Mr. TRACY. Yes, sir; I understand that, but our understanding is that this committee, in any one of the bills which they might take up, might include as one of the departments to be covered by this bill, the department of labor.

Mr. MANN. Yes, I understand; but I say that our committee would not have jurisdiction of a bill introduced specifically to create a department of labor.

As I understand it, your objection now is to that provision of the Senate bill which takes Mr. Wright's department from a separate position by itself and puts it in the control of the bureau or department of commerce and labor?

Mr. TRACY. Yes, sir; that is our position.

Mr. MANN. If you want any change at all, you want a separate department.

Mr. TRACY. Yes, sir.

Mr. RICHARDSON. Let me understand you. You think that while the committee has not the jurisdiction to create it as a separate department, that it has jurisdiction when it comes under another bill.

Mr. MANN. I think so, undoubtedly; there is no question about that. We could not introduce a bill creating a department of labor.

The CHAIRMAN. Your contention is that you should have a representative of the labor interests of the country in the official family of the President?

Mr. TRACY. Yes, sir.

The CHAIRMAN. Now, suppose that this department of commerce and labor should be created and a representative of the labor side of it should be a member of the Cabinet; why is not all of your purpose conserved?

Mr. TRACY. We think that it would be more safe to have a separate

department; that we would be more apt to have a representative of labor at the head of a separate department of labor than we would be to have a representative labor man at the head of a department of commerce and labor.

The CHAIRMAN. We have had only two additions to the Presidential family in fifty-three years, and these departments are created usually at long intervals. Your contention would involve the addition of two members, when it is altogether possible, and to my mind more than probable, that your purpose would be met by the establishment of one.

Mr. TRACY. I would say that the labor organizations have been agitating this question for thirty-five years. We have not reached the point yet where we can have a representative in the Cabinet, but we hope to some day, and we intend to keep on, because the influence of labor is of sufficient importance in this country for it to have a representative in the President's official family.

Mr. RICHARDSON. Do you not believe that if the department of commerce was established the manufacturing interests, as has been illustrated here already, would overshadow the labor part of it?

Mr. TRACY. Unquestionably so.

Mr. DAVIS. I was going to say, your idea is that if commerce and labor should be blended in one department, there would be an ever present jealousy between those two great interests as to which should be the true representative?

Mr. TRACY. There unquestionably would be.

Mr. DAVIS. And you think that if the President selected a man whose education fitted him peculiarly to overlook the labor interests, the commercial interest would kick?

Mr. TRACY. Undoubtedly, and vice versa.

Mr. DAVIS. And if the President suggested a man peculiarly fitted to overlook the interests of commerce the labor interests would undoubtedly feel neglected?

Mr. TRACY. They certainly would.

Mr. COOMBS. You think that your interests would be so lost that they would not develop to the extent of demanding a separate department?

Mr. TRACY. I beg your pardon.

Mr. COOMBS. I say, do you think that your interests would be so lost and absorbed that they would not develop further, and would not be able to assert themselves as they do now?

Mr. TRACY. Yes, sir.

Mr. COOMBS. You are afraid of getting lost?

Mr. TRACY. In the shuffle; yes, sir.

Mr. COOMBS. You have no objection if the Department of Labor is left where it is now?

Mr. TRACY. If it is left where it is now, leaving it entirely alone, we can continue the agitation which, as I say, we have been conducting for thirty-five years, in the direction of some day having the hope of having a representative of organized labor in the President's official family.

Mr. MANN. Can you tell us this: How far does the Department of Labor duplicate in its work any of the other departments of the Government, as, for instance, the Census Office?

Mr. TRACY. Indeed I could not say that.

The CHAIRMAN. What is the connection, Mr. Tracy, between organ-

ized labor—the million and a quarter of men that you have referred to—and the present Department of Labor?

Mr. TRACY. There is no connection any further than the statistics that are gathered; and while they are not all that we would desire, while the Department is limited to a great extent, and we would like to see the scope of the Department enlarged, the statistics and reports that are gathered in the Department of Labor are very beneficial and are very useful to the members of organized labor, and are looked at very carefully and closely on many occasions.

The CHAIRMAN. Then it is simply statistical?

Mr. TRACY. Statistical; yes, sir.

The CHAIRMAN. You know of no other relation that exists?

Mr. TRACY. No, sir.

The CHAIRMAN. Now, as a matter of fact, the scope of the inquiries of the Commissioner of Labor is not trammelled, is it, in any way, by law?

Mr. TRACY. Not that I know of.

The CHAIRMAN. He directs his investigations where he pleases?

Mr. TRACY. That is as I understand it.

The CHAIRMAN. And even his appropriations are in a lump sum, which authorizes him, if he chooses, to make excessive expenditures in any one direction if he thinks it necessary?

Mr. TRACY. I believe one of the objections is that the appropriation is so small that it limits the work of the Department in many directions where the Department would like to carry on work if it could do so.

The CHAIRMAN. Suppose there should be a Department of Labor established, what bureaus of the Government, in your judgment, would naturally and properly belong to that department?

Mr. TRACY. That would be a hard matter for me to say offhand, Mr. Chairman, because I am not thoroughly familiar with all the departments of the Government, and I am not in a position at this time to say just what departments.

The CHAIRMAN. What enlargement of the power and duties of the Commissioner of Labor would you suggest?

Mr. TRACY. Well, I think for one—and I am saying this offhanded without giving it much thought—if we had a Department of Labor with a secretary, that possibly the Census Bureau might well go in that department.

The CHAIRMAN. Well, why?

Mr. TRACY. They are both statistical departments to a large extent, and the work of the Census Department is gathering statistics, so far as manufactures and industries are concerned, so that they would lie very well together under one command with that department.

The CHAIRMAN. Then would you not put the statistical bureau of the State Department, which furnishes very much of the same information with relation to foreign industries, in there?

Mr. TRACY. I am not in a position to say at this time, as I said, whether I would advise that or not. I am not thoroughly familiar with the workings in the State Department, of the statistical branch of it.

The CHAIRMAN. Where, in your judgment, should the Bureau of Patents be, in view of the establishment of a Department of Labor?

Mr. TRACY. That is a question that I could not answer at this time,

either. These questions are all new to me, and I have never given them any consideration; and of course I would not like to answer them offhanded without giving them some thought.

The CHAIRMAN. Then you understand, so far as the opinion of your labor organization is concerned, that what is desired is simply to create what we now call the Department of Labor into a department?

Mr. TRACY. Yes, sir.

The CHAIRMAN. And change the Commissioner into a Cabinet officer, into a secretary?

Mr. TRACY. And, of course, in the wisdom of Congress, enlarge the scope of the work of the department.

The CHAIRMAN. That is what we want to get from some of you gentlemen who have been agitating this question for thirty-five years, what your view is as to what should be in that department.

Mr. TRACY. We are not, as I say, in a position to say just which departments should be taken and put into that department. The agitation has been along the line of creating the department first, believing that Congress in its judgment would be in the best position to say just what departments should go under this Department of Labor.

Mr. RICHARDSON. Just in that connection suppose that the Department of Labor were to embrace all the things in our Government in the different departments that labor entered into the creation of, would it not embrace pretty much all that we have got?

Mr. TRACY. It certainly would.

Mr. TOMPKINS. Your object now is to secure a representative of labor in the Presidential household, so that he can be there in council?

Mr. TRACY. In council.

Mr. TOMPKINS. And participate in the discussion of public questions?

Mr. TRACY. Yes, sir.

Mr. TOMPKINS. And have a voice there for you?

Mr. TRACY. Yes, sir.

Mr. TOMPKINS. That is the primary object?

Mr. TRACY. That is the primary object.

Mr. TOMPKINS. And the details you have not taken under consideration?

Mr. TRACY. No, sir; we have not taken the details into consideration.

Mr. TOMPKINS. They are to be subsequently defined?

Mr. TRACY. Yes, sir.

The CHAIRMAN. Now, you have spoken of your representative capacity here, and you have spoken of it as your purpose here to speak for organized labor. What relation should this department have to the unorganized labor of the country, in your judgment?

Mr. TRACY. I think the department is just as open to those who are unorganized as to those who are organized; and, in fact, I know of several instances of men who are not connected with a labor organization who obtain information and documents from the department for their own personal use.

The CHAIRMAN. What I want to get at is, is it your opinion that organized labor especially, as distinguished from unorganized labor, should have this representation in the Cabinet?

Mr. TRACY. I think so.

The CHAIRMAN. Would you then be the advocate of a department to represent unorganized labor?

Mr. TRACY. This department which we ask is to represent labor, both unorganized and organized.

Mr. DAVIS. That is what I understood.

The CHAIRMAN. I understood you to say—

Mr. WANGER. You would like the head of such a department to be a representative of organized labor?

Mr. TRACY. Yes, sir.

Mr. DAVIS. I do not know if you understood the chairman a while ago when he asked you if you spoke as a representative of organized labor, and if you would demand in that capacity a representative in the Cabinet of organized labor as distinct from unorganized labor.

Mr. TRACY. No, sir; we ask to have a department of labor to represent all labor. I did not quite understand the question, evidently.

Mr. RICHARDSON. Do you not believe that if you had a Cabinet officer who represented labor it would have a very wholesome effect upon the matter of strikes throughout the country?

Mr. TRACY. I think it would.

Mr. RICHARDSON. Would it not have a good effect in making an amicable solution of these questions?

Mr. TRACY. I think so. I think that many of the large labor disputes that are pending in our country to-day are due to misunderstanding on the part of those who are engaged in them, and if the Executive head of this Government was in a position to have in his councils a man who was thoroughly in touch with labor, and understood its aims and its wants, he would be in a position many times to offset many of the disturbances that we have, and to bring about more and more successful arbitration and conciliation.

The CHAIRMAN. To what extent has the present governmental Department of Labor contributed, in your judgment, to the settlement of disputes?

Mr. TRACY. The present Department of Labor?

The CHAIRMAN. Yes, sir.

Mr. TRACY. Not any, that I know of. It is not one of its functions, as I understand it. It has not developed to that stage as yet.

The CHAIRMAN. This department of labor, in order to accomplish the results that you speak of, would have to be invested with other functions beyond those which the present Department has?

Mr. TRACY. The functions of the Department would undoubtedly have to be enlarged.

The CHAIRMAN. How would you enlarge them; what added functions would you give to the secretary of labor that the Commissioner of Labor does not have? I want to get the idea of this—the idea of the representatives of your organization.

Mr. TRACY. It seems to me that the power of the Commissioner might be enlarged in the direction of a branch of that department dealing with matters of arbitration.

The CHAIRMAN. Well, what power would you give him in the direction of arbitration?

Mr. TRACY. That of course is a matter that would have to be thought out very carefully, Mr. Chairman. We would not want to give any arbitrary power, but make the matter rather of a voluntary character, somewhat as the board of arbitration in Massachusetts is of a voluntary character, and since its creation that board has been very successful in settling disputes between employers and employees. It should be along the line, as I say, of the Massachusetts State board of arbitration.

Mr. CORLISS. If I understand you correctly, you are here to-day for the purpose of asking this committee to eliminate, from the bills being considered, the Department of Labor?

Mr. TRACY. Yes, sir.

Mr. CORLISS. That is your primary purpose?

Mr. TRACY. That is my primary purpose; yes, sir.

Mr. CORLISS. If that is accomplished you have no further objections to this measure—what remains of it?

Mr. TRACY. We have not any as a labor organization.

Mr. CORLISS. You rely on them to secure the further advance of the cause of labor by the arrangement of the department?

Mr. TRACY. Yes, sir.

Mr. MANN. You stated, or it was stated here, that you appeared as a representative of organized labor. Would it not be a better statement to say that you appear as the representative of the American Federation of Labor, and in behalf of all labor?

Mr. TRACY. You might so qualify it.

Mr. RICHARDSON. Do you not believe that the establishment of a Department of Commerce would postpone the day of the establishment of a Department of Labor?

Mr. TRACY. That might be liable to occur, but we hope not.

Mr. CORLISS. You are willing to take your chances on that?

Mr. RICHARDSON. We have had only two new Cabinet offices established in the last fifty years.

Mr. TRACY. I believe so.

Mr. RICHARDSON. Do you not think that the effect would be to postpone to a much further future day the establishment of a Department of Labor?

Mr. TRACY. No, sir.

Mr. RICHARDSON. And you are not afraid of that?

Mr. CORLISS. You do not want the Bureau of Labor now existing to be absorbed by the measure proposed?

Mr. TRACY. No, sir; that is it. We feel that if the Bureau of Labor was absorbed in this department that would set the day of the realization of our hopes still further away.

Mr. MANN. Mr. Tracy, I do not wish to involve you in any labor controversy, but it was stated here yesterday that the Knights of Labor was at present the largest labor organization in the country.

Mr. TRACY. I want to say that a good many years ago the Knights of Labor was a very strong and powerful organization. I was a member of it myself, as were many of those who are to-day members of the American Federation of Labor; but it was a very unscientific organization, and the men came to see that it was necessary for them to be organized along trade lines. I do not want to say anything harsh of the Knights of Labor, but I will state that our membership is an open book, while the membership of the Knights of Labor is practically unknown, except possibly from what might be found out in the courts here at the present time, where the two factions of the organization are eating one another's heads off. Practically all that is left of them is here in the District of Columbia, in New York, and in Massachusetts, possibly not more than 10,000.

Mr. FLETCHER. They have some funds left, evidently, and they are dividing up?

Mr. TRACY. The courts are helping them a little.

Mr. TOMPKINS. The court is taking a part of it?

Mr. TRACY. Court procedure is pretty expensive, I believe.

Mr. RICHARDSON. Do you not believe that if the bill is passed establishing a department embracing a department of commerce and industry of the country, that such a bill would embrace labor, whether it was so expressed in the bill or not?

Mr. TRACY. That I am not prepared to say, Mr. Richardson.

Mr. MANN. This bill, as it stands, would not embrace labor if the Bureau or Department of Labor was not included.

Mr. RICHARDSON. It stands that way now; but I want to say that I am not prepared to admit what you said a while ago, because I have not examined it; and if the committee has jurisdiction to establish a department of commerce and it has the jurisdiction in that same bill to regulate and bring the Department of Labor into that department of commerce, I am not prepared to admit that at the same time it has not authority to establish a department of labor. If it has jurisdiction over the subject of labor as an incident of this Department of Commerce, I do not see why it has not jurisdiction directly.

Mr. MANN. An original bill for the establishment of a department of labor would not be referred to this committee, and would not be a subject within the jurisdiction of the committee.

Mr. RICHARDSON. I suppose not.

Mr. MANN. It is simply a question of jurisdiction under the rules of the House.

Mr. RICHARDSON. A question of jurisdiction; yes, sir. I am not fully informed enough to admit the statement on that.

The CHAIRMAN. Numerically speaking, Mr. Tracy, about what proportion of the entire labor of the country—I am speaking of it as a number of wage-earners—what proportion are within the ranks of organized labor; that is, within this million and a quarter that you speak of?

Mr. TRACY. Leaving out the agricultural laborers, the farm laborers, I am of the opinion that between 35 and 40 per cent of the laborers of this country are organized.

The CHAIRMAN. What proportion of the labor engaged in the mechanical trades is organized?

Mr. TRACY. That is what I referred to, the labor engaged in the mechanical trades, leaving out the agricultural laborers and farm laborers.

The CHAIRMAN. Do you include in that the ordinary day laborers—men who are hired to do jobs, to dig, and perform such work?

Mr. TRACY. I would say that the percentage of day laborers organized is less than 35 per cent; but in the whole number I would say that about 35 per cent, including them. In some of the highest skilled trades the percentage of the men organized exceeds 80 per cent.

The CHAIRMAN. That is largely the case, is it not, with the more important trades—the more skilled trades?

Mr. TRACY. The skilled trades.

The CHAIRMAN. They are the best organized?

Mr. TRACY. They are the best organized; yes, sir.

Mr. MANN. When you say 35 or 40 per cent, do you mean 35 or 40 per cent of the labor that is engaged in some particular trade?

Mr. TRACY. No, sir; in all industry, outside of farm laborers.

Mr. MANN. That covers the ordinary man in the city who does—

Mr. TRACY. The ordinary day's work.

Mr. MANN. The ordinary day's work, without having any special trade?

Mr. TRACY. Without having any special trade.

The CHAIRMAN. I understand you to say that in some of the skilled trades it runs as high as 80 per cent?

Mr. TRACY. The highest grades.

Mr. MANN. The skilled trades.

Mr. TRACY. Yes, sir.

Mr. MANN. I did not understand whether you said 35 or 40 per cent of the men who had a special trade?

Mr. TRACY. Thirty-five per cent of those outside of the farm laborers.

Mr. CORLISS. The percentage of the men on the railroads who are organized is much greater than 30 per cent?

Mr. TRACY. Mr. Fuller, who represents the railroad employees, could tell you better than I. Of course, he will speak for them, and he can tell you that. I do not know just the percentage in the railroad organizations.

STATEMENT OF MR. H. R. FULLER, REPRESENTING THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS, THE BROTHERHOOD OF LOCOMOTIVE FIREMEN, THE ORDER OF RAILWAY CONDUCTORS, THE BROTHERHOOD OF RAILROAD TRAINMEN, AND THE ORDER OF RAILROAD TELEGRAPHERS.

Mr. FULLER. I have a credential here showing who I am and whom I represent, a copy of which I will leave with the committee.

I represent, Mr. Chairman and gentlemen of the committee, five organizations, but in particular the engine service of the railroads and the railroad telegraphers. I wish to say first that I wish it to be thoroughly understood by the committee that I do not come here to oppose any of these bills as a whole, creating a department of commerce, but I come here to oppose all provisions which may appear in any of these bills which seek to put the present Department of Labor under this new proposed Department.

That is my prime motive, and I want to say, however, in addition to that, that I wish to urge upon the members of the committee the necessity of also giving labor a separate department by itself in the Cabinet, free from any other department whatever. I listened here yesterday to the friends of this bill, and was very much interested in what they said, and I want them to thoroughly understand my position. We are not here opposing their bill in the least.

Now, we have some reasons, general and specific, for not wanting this bill to include the department of labor.

I will submit, with the permission of the chairman of the committee, a copy of the original law creating the Bureau of Labor, which was passed in 1884 and brought about through the influence of organized labor, as I understand it, practically the Knights of Labor, which was then the greatest organization in the country; and after the Bureau had been created and had remained under the Department of the Interior for about four years, this same influence brought about the enactment of a law making this department an independent department by itself, as it now stands. I have copies of both of these bills here—of both of those laws—and I want to testify that so far as my experi-

ence has gone this department has been very beneficial to the laboring classes of the country; the statistics and facts which have been gathered by it are reliable, and scientific, and in my experience as a representative of railroad men for a good many years I have been glad to utilize the figures compiled by the Department, and I want to say that I have yet to find the first person as a member of the Congressional Committee, as a railroad official, as an employer of labor, who has ever attempted in the least to dispute any of those figures. I want to say that in behalf of the Department in regard to what it has done for labor.

Now, we object, first, Mr. Chairman, on general grounds. We know this, that the people, with all respect to them, who have asked for the creation of this new department are commercial men, and, secondly, employers of labor. We can safely say that in regard to this question the words "employer" and "commercial man" are synonymous terms.

Now, we think, just as it was stated by the chairman of the Manufacturers' Association of the United States here yesterday, that a department, to be beneficial to the interests that it represents, should devote its whole energy—those are the words that he used—to that end. Now, energy means something more than simply interest.

I wish to stop there for a moment and digress to say that these people who have asked for the creation of this department are employers of labor, and should this bill become a law, or this new department be created, it does not matter whether you folks see fit to strike the Labor Department from it or not. Every member of this committee has had experience enough in political affairs to know that these influences which have brought about the passage of this bill can consistently claim of the President that they are entitled to recognition in the selection of this man to be placed at the head of this department.

They do do it; they do do it in the other Departments. When there is a vacancy on the Interstate Commerce Commission, for instance, the railroads of the country get together and select a man, and, usually, he is put there to fill that vacancy. And we feel that even if you allow this bill to go through as passed by the Senate, calling this the Department of Commerce and Labor, they will claim the right—not the absolute right—but a right to this extent, at least, that the President will listen to their claims. We do not dispute that right. If they have brought about this agitation that creates the department, I will not say that they have not a right to do that.

Now, then, so far, I want to say that a man who represents those interests, if he is selected to represent this department in the Cabinet, although he may be honest, and I have reason to believe that he would be—we have no reason to believe that any man is otherwise until we find him so—is not competent to represent labor. He is not competent to sit down at the Cabinet table with the President when something very vital is up before that council in which labor is interested, and to speak. It is simply that he is like the laboring man—a man of environments. His whole life has been spent in something else—in furthering the interests of employers—and consequently he is not capable to speak for labor, even though he felt honestly disposed to do so, and I believe that he would be.

Now, we object on other personal grounds. The present arbitration law which was created by Congress in 1898 makes the Commissioner of Labor a mediator in labor disputes—he and the chairman of the

Interstate Commerce Commission. Now, we do not think that it can be contended successfully that a man who is dominated, or whose policy is dominated, at least, by a man at the head of that Commission, who represents capital, can work as freely as he could if he was not under those influences.

Section 2 of the national arbitration law passed June 1, 1898, reads as follows:

That whenever a controversy concerning wages, hours of labor, or conditions of employment shall arise between a carrier subject to this act and the employees of such a carrier, seriously interrupting or threatening to interrupt the business of said carrier, the chairman of the Interstate Commerce Commission and Commissioner of Labor shall, upon the request of either party to the controversy, with all practicable expedition, put themselves in communication with the parties to such controversy, and shall use their best efforts by mediation and conciliation, to amicably settle the same; and if such efforts shall be unsuccessful, shall at once endeavor to bring about an arbitration of said controversy in accordance with the provisions of this act.

I repeat, Mr. Chairman, that we could not expect a Commissioner of Labor who is under the domination of the men who represent capital at the head of this department to act as freely as he could under those circumstances.

Now, one of the great reasons for creating this Department of Labor was to educate the masses of the wage workers in the country, and one of the results of that has been that they have collected a lot of data and information in this Department which has served as a basis for legislation for the working classes of people, and it is ordinary and customary for myself and other labor representatives, when they come before the committees of Congress, to quote the statistics and articles prepared by this Department.

Now, we do not think that statistics that are gathered under the direction of a man who represents capital will be so beneficial. We think that in that case the employing classes would be against it, the employing classes, who are asking for the passage of this bill, and who come here and oppose us in our request to Congress for legislation. They do it throughout the whole country, before the State legislatures, and I have some papers here—I do not want to burden the record, but I have a protest coming from the Pittsburg Chamber of Commerce against the enactment of a fellow-servant bill in the State of Pennsylvania.

Now, that fellow-servant question is something that this Department has gathered lots of information upon, and it has prepared in one of its bulletins an article on that question that is, I might say, indispensable.

Now, we do not think that a man who represents capital at the head of the department would cheerfully agree or go ahead and lay out a plan and put energy into it, as the chairman of the manufacturers' association said yesterday, to collect such data and put them in our hands. We do not think that he will. Here are some briefs by the men representing the people who oppose this legislation. They come here and oppose practically every bill that we seek to get through Congress. Some of the people who are in favor of this bill becoming a law which you have before you to-day have, during the present session of Congress, come before the committees of Congress and opposed our Chinese-exclusion law. No; we object, Mr. Chairman and gentlemen of the committee, to having our department, that we worked hard to get, put under the domination of these people, and I believe you will agree with me that it will be put there; but I say this, I want to be fair.

I say, in addition to what I said, that a capitalist is not competent to represent labor, and neither is a representative labor man competent to go ahead and represent the interests under this department. The argument applies with equal force on either side.

Mr. DAVIS. That grows out of the environment and the education of the two classes?

Mr. FULLER. It certainly does. The representative labor man who would be put in the Cabinet, if he is a representative man, would be a man educated along those lines, and the other fellow can not be, because his mind is wholly taken up in some other way.

Mr. RICHARDSON. There is where he has his conflicts with labor?

Mr. FULLER. Certainly he does. He is in conflict with us here to-day, and opposing these bills which we have before Congress. And, naturally, they would not want us to come before this committee with articles which substantiated our claims for this legislation; and those people who had through their influence placed this man in the Cabinet, is it natural to suppose that they would want to place that stuff in my hands?

Mr. RICHARDSON. Your idea is that they are just seeking by law to get in such a position that they will dominate labor?

Mr. FULLER. I think so. I am accusing these people who advocate this bill for insisting on putting that in. I do not think there is any good reason for putting it in.

Mr. MANN. As originally drawn, does it cover in the Department of Labor?

Mr. FULLER. I could not say whether the bill as originally drawn in the Senate by Senator Nelson did that or not, but I want to say this, that the reason we are coming here now with such a protest is that that bill did not remain in committee there as long as bills ordinarily do, but it was put hurriedly out in the Senate—which is perfectly proper, but it got out in the Senate before we realized what was being done—and then we made our protest; but as a protest offered on the Senate floor does not have the effect that it does if you get before the committee and give your reasons fully, the motion to strike out was defeated.

Mr. COOMBS. If your motion to strike out had succeeded it would have left it entirely harmonious with the Department of Labor?

Mr. FULLER. To strike out all that pertains to labor leaves the bill harmonious, and does not hurt it any, in so far as we are concerned.

The CHAIRMAN. Would it discommode you to stop now and finish your remarks to-morrow morning? There are some matters before the committee which should be considered before 12 o'clock.

Mr. FULLER. Very well.

Thereupon the committee adjourned until to-morrow, Thursday, March 27, 1902, at 10.30 o'clock a. m.

THURSDAY, *March 27, 1902.*

STATEMENT OF MR. H. R. FULLER—Continued.

I want to say, Mr. Chairman, and members of the committee, as was stated yesterday, at the time this bill was under consideration by the Senate the president of the American Federation of Labor, on behalf

of that organization, and I on behalf of the railroad employees, entered protests against putting the Labor Department under this proposed new department. The bill was put out of the committee unusually sooner than bills generally come out of a committee after having been referred, and I was very busy and did not realize the importance of this, or did not realize that the bill had been reported in that shape until after it came up for discussion in the Senate.

We entered this protest at that time, and there was a motion made to strike out the provision including the Department of Labor in this proposed Department, but it failed to pass, and in the debate on the floor of the Senate there were some Senators who took it upon themselves, to some extent at least, to speak for labor, and said labor was in favor of being put in this new Department. I refer especially to the remarks of Senators Hanna and Elkins.

I want to say, Mr. Chairman, that while no one will question either the right or ability of these two gentlemen to represent capital, they are not competent to speak for labor.

I say this in justice to myself as the representative of these organizations, in view of the fact that I had on their behalf entered a protest against such action.

At the time this bill was under consideration in the Senate, as was said by some who were here the day before yesterday, a paper was filed by Mr. Hayes, the general secretary and treasurer of the Knights of Labor, in which he favored the including of the Department of Labor in this new proposed Department. As Mr. Hayes has in his letter sought, in a way, to speak for the rank and file of the laboring men, I will ask the indulgence of the committee for a moment or two to give me an opportunity to answer his statement.

Mr. Hayes starts in this way:

THE UNITED STATES SENATE.

GENTLEMEN: The opposition to the Labor Department being included in the proposed Department of Commerce is confined to a few labor men who probably have axes to grind with the present organization of the Department.

Now, I wish to say, Mr. Chairman, and members of the committee, that so far as I am concerned all the ax I have to grind here in Washington with any public official, it does not make any difference whether he represents the Department of Labor or anything else, is to secure that equitable legislation which the employees whom I represent have sent me here for. I have no other ax to grind whatever. My whole time is spent in an effort to do this. The other labor representatives who have spoken and will speak to you are fully competent to answer this charge of Mr. Hayes themselves, and I do not think it is necessary for me to speak for them. I will say that so far as I and the organizations I have the honor to represent are concerned we have no axes to grind at all any more than that we want fair and equitable legislation at the hands of Congress.

Now, he further says:

The great mass of organized labor will be glad to see it included in the new department, so that there may be a competent and a responsible head to direct its work.

He further says:

This is more necessary from the point of view of organized labor because from the very beginning the department has been conducted as a personal asset of the Commissioner. It has been of little consequence or value to those whom it was organized to aid, and more than one-half of its reports are false and misleading.

At first thought a fair-minded man would think it was unnecessary on the face of this statement to go into details to answer any charges that have been made there, for I believe this personal attack upon the Commissioner condemns his whole statement. As a representative of organized labor, and as a man that has testified before this committee and before other people that this Department has been very beneficial to labor, I feel it is my duty to answer this to some degree at least.

I want to say that while the statement was made before this committee the day before yesterday that the Knights of Labor is the largest organization of employees, that the man who made it evidently knew not of what he spoke, because it is one of the smallest, as I understand it. Not that I have any great pride in stating that fact. I am sorry that all organized labor bodies are not larger.

But the fact of the matter is, gentlemen of the committee, that, as I understand it, the Knights of Labor to-day—or Mr. Hayes, as secretary of that organization in this petition to Congress—represent but a small portion, a very small proportion, of the laboring classes of this country. And on behalf of the railroad employees I say that he does not represent any of the men in train, yard, or engine service, or any of the men in telegraph service, for I happen to have the honor to represent them myself, and I choose to speak for them rather than to allow Mr. Hayes to do so, because they have sent me here for that purpose.

Mr. WANGER. The Knights of Labor probably reached its maximum of membership more than fifteen years ago.

Mr. FULLER. I think the Knights of Labor was at its height along about 1886 or 1887. I was a member of the Knights of Labor myself, and I want to testify right here that I received a great deal of benefit from being a member. At one time it did a great deal of good work. We show that in our testimony here. We all acknowledge that this Labor Department was created, practically, through the influence of the Knights of Labor, and that it has been a benefit.

Mr. WANGER. At the present time, however, it is only a remnant of its former strength so far as membership is concerned?

Mr. FULLER. That is all, Mr. Wanger, as I understand it.

According to the recent reports of the United States Industrial Commission the number of employees engaged in railroad service is approximately about 1,000,000. The Commission also says in the same report that there are dependent upon these men about 5,000,000 people. Now, I want to say that Mr. Hayes does not represent them. While I do not represent all of the employees in railroad service, I represent practically all who are organized, and while the records will show that members of some of our organizations have favored the creation of a Department of Commerce, I do not think there can be any records found in which they say that they are in favor of the Department of Labor being included in this proposed department. On the other hand they are here to-day asking that it be not included.

I have here some telegrams and letters from the chief executives of the organization I represent, which I would be glad to read and have go into the record:

CLEVELAND, OHIO, *January 23, 1902.*

H. R. FULLER,
Hotel Raleigh, Washington, D. C.:

If a Labor Department is created it ought to have a place in the President's Cabinet.

P. M. ARTHUR.

Mr. Arthur is the grand chief engineer of the Brotherhood of Locomotive Engineers.

Here is one from Rochester, N. Y.:

ROCHESTER, N. Y., *January 24.*

H. R. FULLER,
Hotel Raleigh, Washington:

Telegraphers will not favor merging Labor Department with Department of Commerce for numerous reasons. Labor should have a distinct and separate department with representation in the President's Cabinet.

H. B. PURHAM.

Mr. Purham is the president of the Order of Railroad Telegraphers.
Here is a letter from Mr. Morrissey:

CLEVELAND, OHIO, *February 3, 1902.*

Mr. H. R. FULLER,
The Raleigh, Washington, D. C.

DEAR SIR AND BROTHER: After reading the measure, and after having read the debate in the Senate pertaining to the measure when it was up for consideration, I am of the opinion that it would be a mistake to transfer the Bureau of Labor to the proposed new department. If transferred, it would be one of many subdivisions of the new department, and it is quite probable that instead of increasing its scope and usefulness as is desired it might become "lost in the shuffle." I think your judgment regarding it is practical, and your action in supporting the amendment to strike the reference to it from the bill is approved.

Yours, fraternally,

P. H. MORRISSEY,
Grand Master.

Mr. Morrissey is the grand master of the Brotherhood of Railroad Trainmen.

I have also here, contained in the official journals of the organizations which I represent, a couple of short editorials on this question, showing further the position of our people, and I will be glad to submit them to the committee.

[Locomotive Fireman's Magazine for March, 1902.]

THE DEPARTMENT OF COMMERCE.

There is before Congress a bill to create a "Department of Commerce," with a Cabinet officer at its head, to be known as the Secretary of Commerce. Labor organizations have no objections to the creation of such a department, but the bill provides that the present Labor Department shall be transferred to that department, and to this proposition labor organizations do strenuously object. It is fair to presume that the Secretary of Commerce will always be selected from the ranks of employers of labor, or at least from the class that shows few favors to laboring people.

The CHAIRMAN. In speaking for these associations I would like to know if you can tell us how far this subject has been a matter of discussion among the membership or at the annual meetings—the representative meetings of the various societies.

Mr. FULLER. Well, I am glad to say, Mr. Chairman, that it has been a subject of discussion. As was stated by the representatives of the American Federation of Labor, it has been the hope of labor organizations for years that some day labor would be raised up and given that dignity that we think it is entitled to, and given a place at the President's council table. It has been considered and talked over.

[From the Railroad Trainmen's Journal for March, 1902.]

DEPARTMENT OF COMMERCE AND LABOR.

Several years ago there was established by Congress a Department of Labor, under the direction of a Commissioner, and this Department has thus far given satisfactory service.

The commercial interests for some time have demanded that there be provided a Department of Commerce with a Cabinet representative, and several labor organizations, with the best of motives, immediately insisted that if this were done a Department of Labor also be created with a representative in the Cabinet. The agricultural interests for twelve years have had a representative in the Cabinet, but, as the farmers complain, the position has never been filled by a "real" farmer, although the best of results have come from the office. The claim has been made that the commercial and labor interests are fully as important as the agricultural interests, and so they feel warranted in demanding a department with official representation.

The Senate, with an eye to the interminable lengths to which this disposition to create office may run, and very likely with the idea that now would be as good a time as any to end the matter, entertained a bill combining the demands of both sides, and expressed a willingness to enact a law giving commerce and labor a mutual department with a Cabinet representative to care for the interests of both.

Taken on the broad proposition that the interests of capital and labor are identical, this measure as proposed should cover the demands of commerce and labor. The proposition is too broad, however, to be acceptable to either side of the question. The basic proposition of interests being identical is well enough, but there is another question of expansion and contraction of results of the interest that shows just how far the primary question applies in practice and which leaves the impression that a department of commerce and labor, presided over by either a representative business man or a representative labor man, would not fill the requirements of either capital or labor. There is a point at which the two sides to the question will not assimilate. It is an oil and water proposition and will not mix. Hence practical representatives of labor do not agree with the spirit or letter of the proposed law and desire its defeat.

As the measure stands at this writing it covers a remarkable stretch of possible territory, for it includes under its protection the Census Office, the Life-Saving Service, the Light-House Board, the Light-House Service, the Marine-Hospital Service, the Steamboat-Inspection Service, the Bureau of Navigation, the United States Shipping Commission, the Bureau of Immigration, the Bureau of Statistics of the Treasury Department, the Bureau of Foreign Commerce in the State Department, the Fish Commission, and the present Labor Department. In this mixture of interests there is every likelihood that the present work of the Labor Commission would be altogether lost instead of being more effective. The bill is one of many similar measures that contemplates nothing other than to tickle a few persons without conferring any benefit.

If there is to be recognition of the labor interests, or the interests of commerce, it should be brought about without any conflicting factors; it should be as it is supposed to be, and not something else that will simply afford a comfortable roost for a political bird. The Commission of Labor, ably and fairly managed, as it has been under the present Commissioner, has done more in the way of furnishing valuable information of causes and effects pertaining to the industrial question than a joint department of capital and labor can be expected to do. If there is to be a change, let us have what we feel we ought to have, namely, a Department of Labor subordinate to no opposing interests and presided over by a practical representative of labor—not necessarily an officer of an organization, but something besides a representative politician. Labor has nothing to expect from a Cabinet position, unless it is a representative one and not a make-believe.

As the measure now stands, it promises nothing to either commerce or labor, for whoever might be appointed would not be acceptable to both parties supposed to be benefited. If we are to have anything, let us have it and let the other side have their representative as well; but let us devoutly pray to be delivered from any such heterogeneous an aggregation as this new department as it is now proposed promises to be.

Mr. WANGER. Has there been any annual meeting of any of these organizations since the Senate bill was passed?

Mr. FULLER. No; there has not, Mr. Wanger.

The CHAIRMAN. But it has been a subject of discussion at the annual meetings; it is one of the subjects that interests the membership of these organizations?

Mr. FULLER. It is one of the subjects that interests all labor; not only organized labor, Mr. Chairman, but all labor. And I want to say right here, while that question is open, that we can not be so narrow as to confine this argument to organized labor. Some questions

were asked my brother representative of the American Federation of Labor in regard to organized labor. We prefer to put this on bigger and broader grounds. We represent organized labor, and while we do that we say that everything that comes to the man who is a member of a union as a benefit comes to the man who is not.

For instance, in all of our schedules of wages we make with the railroad companies all over the country, we do not say that the nonunion man shall not get the same wages that the union man does. The fact of the matter is that the union has served as a wet nurse for the man who does not belong to it. We want to help him out. It is just as much our duty to help him up as it is to help ourselves, because if there are two classes of wages for the same class of work, the natural tendency is to draw the higher man down to the level of the lower one.

What benefits organized labor, I want to testify, Mr. Chairman and gentlemen of the committee, benefits every man who is a wage worker.

I want to say one word further in answer to Mr. Hayes's statement. He criticises the present Department of Labor as officially constituted. He says, further, in addition to what I read a moment ago:

It does not provide—

That is, the duties of the Commissioner—

for a collection of statistics bearing upon the number of divorces granted in the United States.

He criticises the reports that are made. I am glad to have an opportunity to answer this because there were some questions asked by members of the committee yesterday in regard to these reports and the scope of the work laid out and accomplished by the Department.

I do not profess to be posted in detail on the question of marriage and divorce. I tried one of them, however—the former—and I find it all right, and I do not want any of the latter.

While I will not attempt to discuss the details of this subject, I will say this: That this report on marriage and divorce was made by the Commissioner of Labor, in accordance with a resolution from Congress, instructing him to compile these statistics. While it does not directly interest the laboring classes, I have found out from good authority that as a document of the kind it is a good one. I happened to go into Congressman Taylor's committee room the other day and I saw that book before him and I asked him what he thought of it. I told him that I was not particularly interested in it, but there had been criticism in regard to it.

He told me it was one of the best works he had ever read, and I guess he is more interested in that question than any other one man about the Capitol. It was published several years ago, and he said he was only sorry because it was not down to date. He said that the statistics contained in it were vital and important. But this is not the only report that has been made by special instructions from Congress. The chairman asked the question yesterday as to what new duties we would have imposed upon the Commissioner of Labor. I believe the law which created the Department, a copy of which I have presented to the committee, requires enough to keep that Commissioner busy, and the Department will be of greater value if he can have the time to utilize his office force to do what this law prescribes.

As I understand it, he can not do this now, for much of the time is spent in making special reports which are ordered by Congress.

But of course this speaks well for the department and the Commissioner. Congress is not satisfied to let him go along in his old line of work, but it has passed no less than fifteen resolutions specifically instructing the Commissioner of Labor to make reports on various subjects. That, however, as I have said, speaks for the man and the department, and I think will, in the mind of any reasonable man, successfully answer the charges that are made here by Mr. Hayes, who pretends to represent labor, but, as I understand it, represents only a small remnant of organized labor or of any kind of labor.

I have here, Mr. Chairman, copies of resolutions that were passed by Congress instructing the Commissioner of Labor to make certain reports, and I would be glad to give them to the committee.

Investigations and reports of the Department of Labor under specific instructions from Congress are as follows:

Second annual, *Convict Labor*: Joint resolution No. 29, August 2, 1886:

The Commissioner of Labor is hereby authorized and directed, under the direction of the Secretary of the Interior, to make a full investigation as to the kind and amount of work performed in the penal institutions of the several States and Territories of the United States and the District of Columbia, as to the methods under which convicts are or may be employed, and as to all the facts pertaining to convict labor and the influence of the same upon the industries of the country, and embody the results of such investigation in his second annual report to the Secretary of the Interior.

Sixth and seventh annuals, *Cost of Production*: Seventh section of the act establishing the Department of Labor (herewith).

Eighth annual, *Industrial Education*: Bill of appropriations for the fiscal year ending June 30, 1891, contained the following item:

For the investigation of and report upon the various industrial school systems, and also technical school systems, of the United States and foreign countries, five thousand dollars.

Twelfth annual, *Economic Aspects of the Liquor Problem*: Bill of appropriations for the fiscal year ending June 30, 1896, contained the following item:

The Commissioner of Labor is hereby authorized to make an investigation relating to the economic aspects of the liquor problem and to report the results thereto to Congress.

Thirteenth annual, *Hand and Machine Labor*: Joint resolution No. 43, August 15, 1894:

The Commissioner of Labor is hereby authorized and directed to investigate and report upon the effect of the use of machinery upon labor and the cost of production, the relative productive power of hand and machine labor, the cost of manual and machine power as they are used in productive industries, the effect upon wages of the use of machinery operated by women and children, and whether changes in the creative cost of products are due to a lack or to a surplus of labor, or to the introduction of power machinery.

First special, *Marriage and Divorce*: Bill of appropriations for the fiscal year ending June 30, 1888, contained the following item:

To enable the Commissioner of Labor to collect and report to Congress the statistics of and relating to marriage and divorce in the several States and Territories, and in the District of Columbia, ten thousand dollars.

Second special, *Labor Laws of the United States*: This report, published in 1892, was prepared at the request of the Committee on Inter-

state and Foreign Commerce of the House of Representatives, to which had been referred a resolution of the House "providing for the compilation of the labor laws, etc., of the various States and Territories and the District of Columbia." By concurrent resolution of March 5, 1896, 5,000 additional copies were ordered to be printed;

and the Commissioner of Labor is hereby authorized to revise said report to include the labor legislation subsequent to the year 1891, and to annotate the report with reference to decisions of courts under the laws comprehended therein.

Sixth special, The Phosphate Industry of the United States: Senate Resolution of December 4, 1890:

The Commissioner of Labor is hereby directed to examine and report the extent of the phosphate industry in the United States, the number of laborers employed, and the opportunities for the employment of labor in the future development of the phosphate deposits.

Seventh special, The Slums of Baltimore, Chicago, New York, and Philadelphia: Joint resolution No. 22, July 20, 1892:

The Commissioner of Labor is hereby authorized and directed to make a full investigation relative to what is known as the slums of cities, confining such investigation to cities containing two hundred thousand inhabitants and over, as shown by the Eleventh Census. The investigation shall relate to the occupations, earnings, sanitary surroundings, and other essential facts necessary to show the condition of residents of such localities, and to show so far as it may be done the condition of such residents compared with residents of cities of similar size in other countries.

Statistics of Cities: Chapter 546, section 1, Laws of 1898:

The Commissioner of Labor is authorized to compile and publish annually, as a part of the Bulletin of the Department of Labor, an abstract of the main features of the official statistics of the cities of the United States having over thirty thousand population.

In addition to the above reports a variety of statistical and other matter was furnished by the Department of Labor from time to time, and published by Congress, as follows:

Senate Document No. 70, first session Fifty-fifth Congress, relative "to the cost per 1,000 feet, board measure, of producing white pine lumber in the United States and Canada." This was prepared in accordance with the following resolution:

IN THE SENATE OF THE UNITED STATES,
April 29, 1897.

Resolved, That the Commissioner of Labor be, and is hereby, directed to send to the Senate a statement of the cost per thousand feet, board measure, of producing white pine lumber in the United States and in Canada, respectively; the statement to include the cost of lumbering, or the work in the woods, and the cost of manufacturing, or the millwork, in two separate items, including also the cost of stumpage.

A report on the "total cost and labor cost of transformation in the production of certain articles in the United States, Great Britain, and Belgium" was made in compliance with the following resolution:

IN THE SENATE OF THE UNITED STATES,
June 26, 1897.

Resolved, That the Commissioner of Labor be, and is hereby, directed to collect from official sources, or otherwise if necessary, information relating to total cost and labor cost of production in fifteen of the leading industries common to this country, Great Britain, France, Belgium, and Germany, and report the results of his inquiries to the Senate as soon after the meeting of the second session of the Fifty-fifth Congress as possible: *Provided*, That the inquiries hereby authorized shall be carried on under the regular appropriations made for the Department of Labor.

WM. R. COX, *Secretary.*

A report on the "effect of the international copyright law of the United States" was made in compliance with a resolution of the United States Senate on January 23, 1900, as follows:

Resolved, That the Commissioner of Labor be, and is hereby, directed to investigate the effect upon labor, production, and wages of the international copyright act approved March third, eighteen hundred and ninety-one, and report the results of his inquiries to the Senate or through the Bulletin of the Department of Labor: *Provided*, That the investigation hereby authorized shall be carried out under the regular appropriations made for the Department of Labor.

By a resolution of March 3, 1891, the Senate Committee on Finance, was instructed to ascertain and report to the Senate "the effect of the tariff laws upon the imports and exports, the growth, development, production, and prices of agricultural and manufactured articles at home and abroad, and upon wages, domestic and foreign." The report made by this committee comprises seven volumes. The collection and preparation of the statistics relating to prices, wages, and cost of living contained in this report was intrusted to the United States Department of Labor.

In response to an individual request from Senator Edmunds, a letter was furnished on August 6, 1890, by the Acting Commissioner of Labor transmitting an analysis of costs of one ton of steel rails made in the United States, etc. This was published as Miscellaneous Document No. 198 of the Senate, first session of Fifty-first Congress.

Senator Carlisle similarly requested a statement showing the direct cost of labor in the manufacture of one ton of steel rails in the United States, Great Britain, and on the Continent of Europe. The response of the Commissioner of Labor, dated August 13, 1890, was published as Miscellaneous Document No. 212 of the same session.

The data furnished heretofore refer to publications already issued. There is now in the hands of the printer a report of the Commissioner of Labor on Hawaii, to be known as "Senate Document No. 169, first session of the Fifty-seventh Congress," prepared in accordance with the following provisions of an act approved April 30, 1900:

It shall be the duty of the United States Commissioner of Labor to collect, assort, arrange, and present in annual reports statistical details relating to all departments of labor in the Territory of Hawaii, especially in relation to the commercial, industrial, social, educational, and sanitary condition of the laboring classes, and to all such other subjects as Congress may by law direct. The said commissioner is especially charged to ascertain, at as early a date as possible, and as often thereafter as such information may be required, the highest, lowest, and average number of employees engaged in the various industries in the Territory; to be classified as to nativity, sex, hours of labor, and conditions of employment, and to report the same to Congress.

And I want to say that in addition to these he has at times furnished statistics to committees of Congress. If I remember rightly, the Ways and Means Committee that framed the Wilson tariff bill had his statistics before them as their guide in regard to prices of products in foreign countries, and comparisons, and so on.

Now, Mr. Hayes says here—he speaks of the report being more or less political—that we do not want a department that publishes Democratic statistics when the Democratic party is in power and Republican statistics when the Republican party is in power. I want to refute that statement.

At the time this bill was under consideration in the Senate, I sat in the gallery and listened very attentively to the debate, and heard Senators ask one another what this man's politics were, and they could

not tell. He was appointed first by President Arthur, and he has held office twice under Democratic Administrations and under four Republican Presidents.

I do not think, Mr. Chairman and members of the committee, that if these reports were partisan that this man would be continued at the head of this Department as he has been by all the political parties that have been in power since he was first appointed.

It was stated here the other day by Mr. Ela, who represents the Business Men's Association of Chicago, rather in the way of criticism of the commission that was appointed by the President to investigate the Chicago strike in 1894, that the commission went there after the trouble was all over and made a good report of what somebody else did.

I want to say that it was not the fault of the commission that they were sent there after the trouble was all over. The then incumbent of the White House had in a message during his first administration recommended the passage of a law which would give the President the power to send a commission to where there was any such threatened trouble. He said that he favored the passage of a law which would lay the facts before the people before the trouble would begin, and thought this would bring such influence to bear on both sides that a settlement could be made without resorting to a strike, and Congress passed such a law.

MR. TOMPKINS. You refer to President Cleveland?

MR. FULLER. Yes, sir.

The fault was not with the Commission, but with the President. As soon as they were detailed to go there they went, and they made a good report; and it was generally understood at the time, as it is now by those who remember that report, that it was written by Hon. Carroll D. Wright, the present Commissioner of Labor, who headed that Commission, and it was so good that a great many of the papers representing capital throughout the country criticised the Department very severely, and that spoke for its fairness on the side of labor. It was impartial, however. Labor as well as capital makes its mistakes, and its mistakes and wrongs were pointed out in this report the same as the mistakes and wrongs of capital. But unfortunately there are a good many men in this country who do not want to give each side its just due. But this report, which I understand was written by Mr. Wright, did.

And in further substantiation of my argument that a man representing capital or a man appointed as the Commissioner of Labor through the influence of the Secretary of Commerce and Labor, could not write, and, looking to our past experience, we could not expect, as fearless a report as was this one.

Here are some quotations from that report. I speak from a labor standpoint. These are the ones that came our way:

Our railroads were chartered upon the theory that their competition would amply protect shippers as to rates, etc., and employees as to wages and other conditions. Combination has largely destroyed this theory.

If a representative of the railroads was the Secretary of Commerce, I think the ordinary man who was Commissioner of Labor under him would hesitate before he would write anything like that. But I want to say before I go any further on that line that I do not think from what I know of the present incumbent of the office that he could be coerced into doing anything that he thought in his own convictions was wrong. I think he is a man of too much character for that.

Here is another quotation:

While competition among railroad employers of labor is gradually disappearing, competition among those who supply labor goes on with increasing severity.

However men may differ about the propriety and legality of labor unions, we must all recognize the fact that we have them with us to stay and to grow more numerous and powerful. Is it not wise to fully recognize them by law, to admit their necessity as labor guides and protectors, to conserve their usefulness, increase their responsibility, and to prevent their follies and aggressions by conferring upon them the privileges enjoyed by corporations, with like proper restrictions and regulations.

Another one:

It is certainly for the public interest that railroads shall not abandon transportation because of labor disputes, and therefore it is the duty of the Government to have them accept the decisions of its tribunals, even though complete reciprocal obligations can not be imposed upon labor.

When railroad employees secure greater certainty of their positions and of the right to promotion, compensation for injury, and so forth, it will be time enough to consider such strict regulations for them as we can now justly apply to the railroads.

And, further:

In solving these questions corporations seldom aid the efforts of the people or their legislators. Fear of change and the threatened loss of some power invariably make them obstructionists. They do not desire to be dealt with by any legislation, they simply want to be let alone.

Another one:

Whatever is right to be done by statutes must be done by the people for their own protection and to meet the just demand that railroad labor shall have public and impartial hearing of all grievances. * * * The Commission is satisfied that if employers everywhere will endeavor to act in concert with labor, that if when wages can be raised under economic conditions they be raised voluntarily, and that if when there are reductions, reasons be given for the reduction, much friction can be avoided. It is also satisfied that if employers will consider employees as thoroughly essential to industrial success as capital, and thus to take labor into consultation at proper times, much of the severity of strikes can be tempered and their number reduced.

I do not think the employing classes like a report of this kind. I am not criticizing them in particular. They look at these things from a different standpoint than we do, and it is perfectly legitimate that they should.

Mr. WAGNER. You think each side should stand up for its own point of view?

Mr. FULLER. Yes; I think so.

Mr. WANGER. And that the truth will come out of the conflict?

Mr. FULLER. I think so. And while I am sorry that their relations are not more identical, yet they are not. As a natural consequence of our industrial system they are not. We heard an explanation here the other day, and I was very much interested in it. It came from Mr. Noies.

He went on to tell of the little value of the ore in the mine before it was taken out, that it was the labor that was used in taking it out that made it so valuable. There is the whole thing, Mr. Chairman and members of the committee, in a nutshell. It is the labor that makes it valuable. A certain amount of ore comes out of the mine. It is worth a dollar; my labor produces that dollar. There is the dollar [putting a dollar on the table]. Here I am on this side. I want as much of that dollar, which my labor has created, as I can get. Here is my employer on the other side. He is reaching for it also. Now, I often laugh at the statement that the interests of capital and labor are identical. They are not identical, and never will be as long as one class produces the wealth and the other speculates upon it. It is true

that they are reciprocal to a great extent, and I am one that wants to encourage that.

We can often get together and touch elbows and come to conclusions and try to be fair with each other; but, deplorable as it is to all of us, strife between capital and labor will continue until the great millenium dawns and the Man of Nazareth comes again and sits in His Kingdom; but in the meantime capital and labor can try to be reasonable and just with each other, and all you can do as legislators is to be considerate and look with fairness upon both sides.

Mr. COOMBS. I suppose when they say the interests of capital and labor are identical, they mean that one can not get along without the other.

Mr. FULLER. According to our system of industry in the United States each is very essential; that is true.

Mr. WANGER. And they are identical in desiring the largest number of dollars.

Mr. FULLER. Yes, sir; but they are both after the same dollars. The argument applies to ten dollars as well as to the one dollar.

Mr. RICHARDSON. Do you not still further believe that the advantage that labor has is that it is the primary thing—that all these other things are the result of that?

Mr. FULLER. Yes, sir; I do not belong to that school which thinks that capital is the most essential. Labor is the creator of all wealth, and consequently is greater than capital, and I believe all good thinkers will concede this.

But our industrial condition to-day is different from what it used to be when the patriarchs dwelt in tents and tilled the soil, each man for himself. It is different now. Our country is thickly populated, and we are a great manufacturing country, and labor, by force of circumstances, is compelled to depend upon capital for employment. I think, though, however, there is enough land in this country for us all to make a living upon if the manufacturers were to all go out of business. But we do not want that. I take just as much pride in the fact that we are a leading commercial nation of the world, or at least the coming one, as the man who employs me. I believe every good American feels the same way.

I stated yesterday, Mr. Chairman, that my prime motive in coming before this committee was to ask that this provision be struck out of the bill. I repeat that; but in addition I say what I said yesterday, that we also ask that this committee in reporting this bill amend it so as to give labor a place in the Cabinet by itself.

Mr. RICHARDSON. What was that last remark; you would amend this bill? The position is taken on this committee that this committee has not any jurisdiction to create a Labor Department. I do not agree with that.

Mr. FULLER. That is not a matter for me to speak of.

Mr. RICHARDSON. I understand that.

Mr. FULLER. It is entirely out of my scope to say what the committee has the authority to do, but I agree with you on that point.

Mr. RICHARDSON. I merely suggest that to you when you request or suggest that this bill be amended by making a Labor Department instead of a Commerce Department.

Mr. FULLER. I think as you do about it. If the committee has the power to handle the Labor Department in the bill, changing it from

an independent department to a subordinate one, it also has a right to give it a place in the President's Cabinet.

The chairman asked me if this had been a matter of discussion among our members and in our organizations. It has. But its discussion has not been confined to labor or labor organizations. It has been a matter of discussion among public men. One of our largest political parties in the last campaign recommended that the Labor Department be given a place in the Cabinet.

Mr. WANGER. When you make that statement you mean, do you not, that the proposition to have a representative of labor in the Cabinet has been considered, but, if I understood you before, the proposition of making the Commissioner of Labor a subordinate of a Secretary of Commerce was never understood to be advanced by your organizations generally until this bill was prepared?

Mr. FULLER. I will answer that in this way: The fact that we have always wanted a place in the Cabinet by ourselves, separate and distinct from any other department, takes with it the fact that we are opposed to being swallowed up as this bill proposes to do. The answer to that part of it answers the other question. I will admit that that part of it has not received the consideration and discussion that the general principle has.

Mr. RICHARDSON. The reason that special thing has not received any special consideration is because it was absorbed in the general idea that you wanted a separate department for the Department of Labor?

Mr. FULLER. Yes, sir.

Mr. WANGER. What I am driving at is this: If the point should be made that the labor organizations have not spoken loudly on this question it is a fair answer to say that the threat of making the Commissioner of Labor subordinate to the Secretary of Commerce was never understood to be pending.

Mr. FULLER. In answer to that, I will say we think it has been loud enough when it is recognized by public men and on the floor of Congress that we wanted an independent department.

I answered a statement of Senators Hanna and Elkins made while the bill was under discussion on the floor of the Senate, but I want to say in addition to that that Senator Hanna's remarks show that he said he had talked with laboring men and that they wanted a position in the Cabinet—

Mr. RICHARDSON. In that connection, do you believe you represent the entire sentiment of labor in this country when you say that this Labor Department ought to be put under a Commerce Department?

Mr. FULLER. I think so, from my experience among the men and my talks with them.

Mr. DAVIS. Do you not think it would be unfortunate, both for labor and for capital, to undertake to combine them in one general head this way?

Mr. FULLER. I do.

Mr. DAVIS. Do you not think it would produce future distrust and bickerings?

Mr. FULLER. I do. As I stated yesterday, Mr. Davis, I said that a man representing capital was not competent to represent labor in this Department; that I also thought that the ordinary representative labor man could not represent all of the interests that are merged under this Department of Commerce.

Mr. DAVIS. Aside from that, Mr. Fuller, do you not think when the President commenced to form his Cabinet there would naturally be a contest between capital and labor as to which one of the two classes would capture this Cabinet office?

Mr. FULLER. I think so.

Mr. DAVIS. And do you not think if the President could appoint a capitalist who is not thoroughly familiar with labor conditions it would displease labor?

Mr. FULLER. It certainly would.

Mr. DAVIS. And that if he should select a laboring man it would displease capital?

Mr. FULLER. It certainly would. After I had concluded my remarks on this point yesterday a representative of capital came to me and said he thought I was right on it.

Mr. RICHARDSON. Do you not think from the spirit and trend of this bill that the manufacturing interests would have largely the advantage in securing a secretary?

Mr. FULLER. I think so. I stated that yesterday. If this Department is created they can claim the credit for its creation, because they are the ones who have asked for it.

Now, when the time comes to select a man for its head, they can with much reason go to the President—you understand how these things are done and it is not necessary for me to say anything on that subject to anyone who has had to do with politics—they can go to the President and can expect that he will at least give great consideration, and that means a good bit, to their claim for a certain man. They will naturally get together and select a man whom they think would work for the best interests of their business, and they would say to the President: "Here is a man of your political faith; he is a good representative man, he is an expert on all of these matters, and we would like to see him appointed. We have worked hard for this Department, we have been after it for a number of years, and we think our desires should receive consideration."

Now, you must concede that this will have a great deal of weight with the President. If labor goes there it has not got that argument.

Then, another thing: We do not want to be together is this Department. I say I wish the conditions were such that we could, but I do not think the time has arrived when you can safely put us to bed together. Not because they are not as good bedfellows as we are; if put to bed by themselves they would not kick each other, and neither would we; but if you put us in bed together one would think the other had more room than he was entitled to, and we probably would not rest very good.

Mr. MANN. Is not the same thing true with reference to the producer and the consumer; is there not just as much diversity of interest between the producer and consumer as there is between the employer and the employee?

Mr. FULLER. I do not think so; at least, it does not crop out as much. The question, however, between the middleman and the consumer is worthy of consideration. There is a great deal of contention there, and there is no question about it.

Mr. MANN. A Department of Commerce would undoubtedly be expected to look somewhat after the interests of the consumer as well as the interests of the producer.

Mr. FULLER. But I will answer that question, Mr. Mann, by saying that the ordinary mind does not look to that question as being as important as the question of labor and capital. I think this is the one all-absorbing question of the day.

Mr. MANN. You have a bias?

Mr. FULLER. Maybe I have; we are only human, you know.

The CHAIRMAN. As I understand your argument in favor of a separate Department of Labor, you have not yet spoken of any of the duties of that office except the duties of the statistician, and the other argument that you have advanced is one that might be called the sentimental one of the labor organizations desiring to be represented by their own man.

Now, this is a practical question, and I want to know what the duties of this labor secretary should be, and what there would be to occupy his time other than that of an ordinary statistician. Give us your view about it. What would he do?

Mr. FULLER. He can keep track of the labor conditions in the country; he can keep in touch with them. His environments and his education along that line will put him in a better position to do that. The President is lacking in that kind of advice now. It was not uncustomary for President McKinley, and neither has it been for President Roosevelt, to call representative labor men into his council in regard to matters in which labor is interested. It has been done time and time again under both Administrations.

We feel that if a man was in the Cabinet who was in touch with these questions the President would not have to send halfway across the country to bring some labor representative here that he has confidence in to advise him in regard to a certain matter. He will have him in one of the departments and he can easily call him over for consultation.

Then, another thing: If he did not do anything more than carry out what is laid out for him under the present law, he would find enough to keep him busy and make his office very useful.

Nearly all great public questions involve labor matters. This man is ready not only to respond to questions asked him by the President, but he is there to point out labor's interests in all these affairs. If he did not do anything more than that, I think we could well afford to keep him there.

Surely, as labor is the creator of all wealth it is entitled to representation in the President's Cabinet. The other interests have representation there.

The farmer is represented by the Secretary of Agriculture.

The employer, if this bill becomes a law, will be represented by the Secretary of Commerce, and the financial men of the country are represented by the Secretary of the Treasury.

The CHAIRMAN. I do not understand that any particular interest has its representative there. I do not understand that that is the genius of our country—to create classes and then to have class representations in this Government—

Mr. FULLER. No; it is not supposed to be a Government of classes, but nevertheless these people are represented there.

The CHAIRMAN (continuing). It is homogeneous; it is a Government for all of us; and I for one would be very loath to create a particular class and to have a particular class represented in this Government. What we want is to unite, not segregate, it seems to me.

Mr. FULLER. That is right. You misunderstand me if you think I do not agree with you on that point; but financial questions come up, the Secretary of the Treasury is there, and he is in touch with the moneyed class of people in the country, and nobody will deny that.

The CHAIRMAN. He is not in touch with them as their representative?

Mr. FULLER. Not a direct representative; no.

The CHAIRMAN. He is in touch with them, as they are a part of the people of the United States.

Mr. FULLER. Yes.

The CHAIRMAN. A part of all?

Mr. FULLER. He is not in touch with the other people like he is with them; I think you will agree with me on that, simply because he is educated on that line.

I want to say this, and you will bear me out in it: That before any great financial move is made by the Government, which, as you say, is the Government of all the people, these people are consulted. Before there is any great financial move made by the Government you will see either that the Secretary of the Treasury has been over to New York and dined with several financial men, or that he has been at some meeting and these questions have been discussed. This is not the case with labor. Do not understand me that we want to be represented as a class, specially. All we ask for is to be represented the same as those people are represented through the Secretary of the Treasury, by a man who is in touch with their business, who knows all about it. When the President of the United States wants any advice in regard to it he can get it.

Mr. RICHARDSON. If the Secretary of the Treasury goes to New York in anticipation of any particular financial movement whom does he call into conference with him?

Mr. FULLER. The people who are in that business.

Mr. RICHARDSON. The bankers?

Mr. FULLER. He certainly does; the financial men.

Mr. COOMBS. I suppose that is for the reason that they have given their lives and their minds to a study of financial questions.

Mr. FULLER. That is it, exactly.

Mr. COOMBS. And that they know all the relations of finance to business, the volume of business, and all there is pertaining to it.

Mr. FULLER. Yes, sir. They are expert on financial business.

Mr. DAVIS. And is it not precisely for that reason that labor naturally wants a man equally skilled at the head of labor?

Mr. FULLER. Yes, sir.

The CHAIRMAN. But, Mr. Fuller, your illustration is not a fair one or a true one, for this reason: That every financial interest that is a subject of consultation upon an occasion such as you have referred to includes the interests of all of us—the man who labors as well as the man who has something else besides labor to sell.

Mr. FULLER. We should all hope so, but the laboring man's interests are not so well looked after in this instance as are the financial man's.

The CHAIRMAN. And therefore you can not say that this consultation you have referred to is specifically in the interests of one class or possibly harmful to the other class.

It includes beneficial influences upon all of us or harmful influences upon all of us alike. The financial man, for example, that wants one class of currency, a gold standard, advocates it in the interests of all,

not simply one class; or the man that thinks that the free coinage of silver would be better for the country advocates it because he thinks it benefits all—not only one class.

Mr. FULLER. That is the broad ground; yes.

The CHAIRMAN. And therefore when these conferences are had they are not against one class and in favor of another class; but they are in the interests of all of us. And therefore it seems to me that your illustration fails of its purpose.

Mr. FULLER. May I ask you this question: Did you understand me to think that this was supposed to be done in the interest of any certain one class to the detriment of the others?

The CHAIRMAN. I thought that the trend of your argument was in that direction.

Mr. FULLER. I am glad you mention that, because it is entirely foreign from my idea, but there is no getting around the fact that those interests are especially looked after.

Mr. RICHARDSON. Then these conferences that we read of taking place in New York, the great financial center of the country; when the Secretary of the Treasury goes there in anticipation of some change, or some necessity, or some emergency of a financial character, have you ever heard of his calling into consultation anybody except bankers or leading capitalists?

Mr. FULLER. No, sir; I have not, and I don't think he does. Excuse me, I want to answer Mr. Coombs's question.

I believe, as I understood you, Mr. Coombs, you said that the idea of the Secretary of the Treasury going over to consult with these people was because their lives and time had been spent in this work and they were well posted. Am I right?

Mr. COOMBS. That was about it.

Mr. FULLER. That is true. And I will answer that by comparing the labor side with it. That is one reason why we want a man in the Cabinet who represents labor, so that the President can go to him for advice. I will be as fair in this argument as I have tried to be in my others.

I will go further and say that while I agree that they are in a good position to speak in regard to financial matters, they are human like the rest of us, and their advice is given with the view of furthering their own interests. Now, that would be the same with labor. If labor had a representative in the Cabinet and the President was going to make a great move in which it was greatly involved I would expect that the representative of labor would speak specifically for that class, just the same as the banker now speaks for his class.

Mr. COOMBS. You misunderstand me. The Secretary of the Treasury did not consult with the financial people, calling them in as the representatives of capital, mind you; but simply because they were learned upon problems of that sort. I do not suggest that as an argument against what you are proposing here in the way of a Department of Labor; that was not the idea.

Mr. FULLER. I thought I thoroughly understood you. I want to make myself plain. I will answer this question. It is the same way with the labor representatives. The President would not go to him to specifically do something for the laboring class. We must all take it as granted that all of these moves are made in the interests of the people. When he goes to that labor representative who has been educated, so far as his side is concerned, along the same line with the banker,

we, as laboring men, expect him in that advice to the President to look after our interests. Now, I think that is fair, Mr. Chairman.

Mr. RICHARDSON. Would it not be just as consistent if the President, in your illustration, if he was looking after the matter of labor, would it not be just as consistent for him to call upon a financial man as it would be for the Secretary of the Treasury when he goes to New York to call upon a laboring man?

Mr. FULLER. Exactly.

Now, I hope I have made myself understood to the honorable chairman of the committee.

Mr. MANN. Do you think, Mr. Fuller, that the country would approve the action of any President who would appoint any Secretary of the Treasury at the request or bequest of Wall street? Do you think any President has ever appointed a Secretary of the Treasury as a representative of the banking interests of the country?

Mr. FULLER. I will say this: That I believe, in the selection of a man for the Secretary of the Treasury, the recommendations of those people have great weight with the President.

Mr. COOMBS. You would believe in the selection of a Secretary of the Treasury who would have the confidence of financial interests; would you not, naturally?

Mr. FULLER. I think he should have the confidence of all the people; not the financial people alone.

Mr. COOMBS. He should have the confidence of the people, but what I mean is that he should have the confidence of people dealing in financial questions, confidence in his ability and in his learning.

Mr. FULLER. We certainly would all hope that he would have the confidence of them as well as that of the rest of the people.

Mr. COOMBS. As well as confidence in his honesty?

Mr. FULLER. Yes, sir.

Mr. COOMBS. That is one of the conditions to subserve in appointing anybody.

Mr. FULLER. Now, I did not intend to go into this subject as deeply as this. I only wanted to make a comparison. I wanted to say that when the President wanted advice about finance he called on the Secretary of the Treasury, who knew something about it, and who was in touch with these interests; and I want him to do the same thing with labor.

Mr. DAVIS. And I understood you, further, in justice to you, Mr. Fuller, to say that if the Secretary of the Treasury went to New York to consult about these things he would naturally consult with these people in New York who were skilled and schooled in that line.

Mr. FULLER. Certainly.

Mr. DAVIS. And you use that as an argument demonstrating the truth of your argument that labor ought to have some person with whom it is equally in touch?

Mr. FULLER. That is it exactly.

Mr. DAVIS. That is the way I understood you.

Mr. FULLER. That is our position. As I said before, this question is not a new one. The Democrat platform in 1900 said:

In the interests of American labor and the upbuilding of the workingman as the cornerstone of the prosperity of our country we recommend that Congress create a department of labor in charge of a secretary, with a seat in the Cabinet, believing that the elevation of American labor will bring with it increased production and increased prosperity to our country at home and to our commerce abroad.

Now, that is specific.

The Republican platform of 1900 said this in regard to labor:

Their constantly increasing knowledge and skill have enabled them to finally enter the markets of the world.

There is a good deal in that. We heard here the other day a representative of capital tell about the necessity of the creation of a department of commerce so that we could find a market for our surplus products. The Republican party gives the credit of our ability to go into the foreign markets to labor. It does not give capital this credit. It gives it specifically to labor.

If labor is the cause of taking us into the foreign markets, why is not labor entitled to as much recognition at the hands of Congress as capital? I think it is.

I want to say to the members of this committee that labor has forged its way to the front against great odds. It has had to stand for many wrongs that it was not to blame for. When there has been a strike, especially in years gone by, the inconvenience suffered thereby by the public who would not give this question a thought was too often laid upon labor. But, regardless of all this prejudice, it has, through its conservatism and reasonableness, forced recognition. And it stands more prominently before the people to-day than it ever has; and this is all due to the influence and work of organized labor. The organizations of labor, since they have come into existence, have educated men. You will find that the men who are members of labor organizations are generally good citizens. Labor organizations have contributed more to the uplifting of the working class of people than has any other influence.

President Roosevelt, in his message to the Fifty-seventh Congress, has given labor recognition in these words:

American wage-workers work with their heads as well as with their hands.

Moreover, they take a keen pride in what they are doing; so that, independent of the reward, they wish to turn out a perfect job. This is the great secret of our success in competition with the labor of foreign countries.

The most vital problem with which this country, and for that matter the whole civilized world has to deal, is the problem which has for one side the betterment of social conditions, moral and physical, in large cities, and for another side the effort to deal with that tangle of far-reaching questions which we group together when we speak of "labor." The chief factor in the success of each man—wage-worker, farmer, and capitalist alike—must ever be the sum total of his own individual qualities and abilities. Second only to this comes the power of acting in combination or association with others.

Very great good has been and will be accomplished by associations or unions of wage-workers, when managed with forethought, and when they combine insistence upon their own rights with law-abiding respect for the rights of others. The display of these qualities in such bodies is a duty to the nation no less than to the associations themselves. Finally, there must also in many cases be action by the Government in order to safeguard the rights and interests of all. Under our Constitution there is much more scope for such action by the State and the municipality than by the nation. But on points such as those touched on above the National Government can act.

The President says that on some points the National Government can act. The National Government can make the Secretary of Labor a Cabinet officer; and in view of what both political parties and the President have said I think it would only be consistent for this committee to amend this bill so as to give labor a place in the Cabinet by itself, and I will close by saying that as the representative of these 175,000 organized railroad employees I appeal to you to do so. And if

you do not do this, I say again in the name of these people, do not destroy its present usefulness by putting it in a department which I reasonably believe will be dominated by a man who is selected as a Cabinet officer at the instance of and through the influence of employers of labor. I thank you very much for the time I have taken up.

[PUBLIC—No. 135.]

AN ACT to establish a Department of Labor.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be at the seat of Government a Department of Labor, the general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected with labor, in the most general and comprehensive sense of that word, and especially upon its relation to capital, the hours of labor, the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity.

SEC. 2. That the Department of Labor shall be under the charge of a Commissioner of Labor, who shall be appointed by the President, by and with the advice of the Senate; he shall hold his office for four years, unless sooner removed, and shall receive a salary of five thousand dollars per annum.

SEC. 3. That there shall be in the Department of Labor, to be appointed by the Commissioner of Labor: One chief clerk, at a salary of two thousand five hundred dollars per annum; four clerks of class four, all to be statistical experts; five clerks of class three, one of whom may be a stenographer; six clerks of class two, one of whom may be a translator and one of whom may be a stenographer; eight clerks of class one; five clerks, at one thousand dollars per annum; one disbursing clerk, who shall also have charge of accounts, at a salary of one thousand eight hundred dollars per annum; two copyists, at nine hundred dollars each per annum; two copyists, at seven hundred and twenty dollars each per annum; one messenger; one assistant messenger; one watchman; two assistant watchmen; two skilled laborers, at six hundred dollars each per annum; two charwomen, at two hundred and forty dollars each per annum; six special agents, at one thousand six hundred dollars each per annum; ten special agents, at one thousand four hundred dollars each per annum; four special agents, at one thousand two hundred dollars each per annum, and an allowance to special agents for travelling expenses not to exceed three dollars per day while actually employed in the field and outside of the District of Columbia, exclusive of actual transportation, including sleeping-car fares; and such temporary experts, assistants, and other employes as Congress may from time to time provide, with compensation corresponding to that of similar officers and employes in other departments of the Government.

SEC. 4. That during the necessary absence of the Commissioner, or when the office shall become vacant, the chief clerk shall perform the duties of Commissioner.

SEC. 5. That the disbursing clerk shall, before entering upon his

duties,^o give bond to the Treasurer of the United States in the sum of twenty thousand dollars, which bond shall be conditioned that the said officer shall render a true and faithful account to the Treasurer, quarterly, of all moneys and properties which shall be by him received by virtue of his office, with sureties to be approved by the Solicitor of the Treasury. Such bond shall be filed in the office of the First Comptroller of the Treasury, to be by him put in suit upon any breach of the conditions thereof.

SEC. 6. That the Commissioner of Labor shall have charge, in the building or premises occupied by or appropriated to the Department of Labor, of the library, furniture, fixtures, records, and other property pertaining to it or hereafter acquired for use in its business, and he shall be allowed to expend for periodicals and the purposes of the library, and for the rental of appropriate quarters for the accommodation of the Department of Labor within the District of Columbia, and for all other incidental expenses, such sums as Congress may provide from time to time.

SEC. 7. That the Commissioner of Labor, in accordance with the general design and duties referred to in section one of this act, is specially charged to ascertain, at as early a date as possible, and whenever industrial changes shall make it essential, the cost of producing articles at the time dutiable in the United States, in leading countries where such articles are produced, by fully specified units of production, and under a classification showing the different elements of cost, or approximate cost, of such articles of production, including the wages paid in such industries per day, week, month, or year, or by the piece; and hours employed per day; and the profits of the manufacturers and producers of such articles; and the comparative cost of living, and the kind of living. "It shall be the duty of the Commissioner also to ascertain and report as to the effect of the customs laws, and the effect thereon of the state of the currency, in the United States, on the agricultural industry, especially as to its effect on mortgage indebtedness of farmers;" and what articles are controlled by trusts, or other combinations of capital, business operations, or labor, and what effect said trusts, or other combinations of capital, business operations, or labor have on production and prices. He shall also establish a system of reports by which, at intervals of not less than two years, he can report the general condition, so far as production is concerned, of the leading industries of the country. The Commissioner of Labor is also specially charged to investigate the causes of, and facts relating to, all controversies and disputes between employers and employés as they may occur, and which may tend to interfere with the welfare of the people of the different States, and report thereon to Congress. The Commissioner of Labor shall also obtain such information upon the various subjects committed to him as he may deem desirable from different foreign nations, and what, if any, convict-made goods are imported into this country, and if so, from whence.

SEC. 8. That the Commissioner of Labor shall annually make a report in writing to the President and Congress of the information collected and collated by him, and containing such recommendations as he may deem calculated to promote the efficiency of the department. He is also authorized to make special reports on particular subjects whenever required to do so by the President or either House of Congress, or when he shall think the subject in his charge requires

it. He shall, on or before the fifteenth day of December in each year, make a report in detail to Congress of all moneys expended under his direction during the preceding fiscal year.

SEC. 9. That all laws and parts of laws relating to the Bureau of Labor created under the act of Congress approved June twenty-seventh, eighteen hundred and eighty-four, so far as the same are applicable and not in conflict with this act, and only so far, are continued in full force and effect, and the Commissioner of Labor appointed under said act, approved June twenty-seventh, eighteen hundred and eighty-four, and all clerks and employés in the Bureau of Labor authorized to be appointed by said act or subsequent acts, shall continue in office and employment as if appointed under the provisions of this act, and until a Commissioner of Labor, other officer, clerks, and employés are appointed and qualified as herein required and provided; and the Bureau of Labor, as now organized and existing, shall continue its work as the Department of Labor until the Department of Labor shall be organized in accordance with this act; and the library, records, and all property now in use by the said Bureau of Labor are hereby transferred to the custody of the Department of Labor hereby created, and on the organization of the Department of Labor on the basis of this act the functions of the Bureau of Labor shall cease.

SEC. 10. That on the passage of this act the Commissioner of Labor shall at once submit estimates for the expenses of the Department of Labor for the next fiscal year, giving in detail the number and salaries of officers and employés therein.

Approved, June 13, 1888.

[Chapter 127.]

AN ACT to establish a Bureau of Labor.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be established in the Department of the Interior a Bureau of Labor, which shall be under the charge of a Commissioner of Labor, who shall be appointed by the President, by and with the advice and consent of the Senate. The Commissioner of Labor shall hold his office for four years, and until his successor shall be appointed and qualified, unless sooner removed, and shall receive a salary of three thousand dollars a year. The Commissioner shall collect information upon the subject of labor, its relation to capital, the hours of labor, and the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity. The Secretary of the Interior, upon the recommendation of said Commissioner, shall appoint a chief clerk, who shall receive a salary of two thousand dollars per annum, and such other employees as may be necessary for the said Bureau: *Provided,* That the total expense shall not exceed twenty-five thousand dollars per annum. During the necessary absence of the Commissioner, or when the office shall become vacant, the chief clerk shall perform the duties of the Commissioner. The Commissioner shall annually make a report in writing to the Secretary of the Interior of the information collected and collated by him, and containing such recommendations as he may deem calculated to promote the efficiency of the Bureau.

Approved, June 27, 1884.

I.—THE WORKING OF THE DEPARTMENT OF LABOR.^a

By CARROLL D. WRIGHT.

ORIGIN.

The Order of the Knights of St. Crispin was in a flourishing condition in Massachusetts in 1868 and 1869. In the latter year the order petitioned the legislature for an act of incorporation, but the petition was rejected. In the same year two petitions had been filed with the legislature praying for a ten-hour law, but these petitions were indefinitely postponed. The rejection of the petition of the Knights of St. Crispin was probably the immediate turning point for the establishment of the Massachusetts bureau of statistics of labor. It is generally believed that after the rejection of the petition fears were entertained by the leaders of the dominant party that the labor vote in the State might be alienated, and it was suggested by shrewd politicians that it might be politic to grant some concessions to the workingmen. Whether this belief is based on fact or not, it is true that after the adverse action on the petitions of the order and of the ten-hour men a bill creating the bureau was suddenly introduced in the Senate at a late day in the session. It was promptly rejected on the 12th day of June, but on the 14th the vote rejecting it was reconsidered and the bill passed under a suspension of the rules. It was amended slightly in the house of representatives and passed that body, and received the governor's approval June 22, 1869. Thus was created by the act of the Massachusetts legislature the first office in the world whose function was the collection of information relating to social and industrial conditions. The facts relative to the creation of that office indicate that the legislative branch of the State government had motives of its own for creating it, for from all that can be gathered it seems to be certain that the immediate stimulus to the creation of the bureau was political necessity or expediency. The legislature seized upon the recommendations which had been made by two special commissions, the first reporting February 7, 1866, recommending among other things, "that provision be made for the annual collection of reliable statistics in regard to the condition, prospects, and wants of the industrial classes;" and the second, reporting January 1, 1867, unanimously recommending "that a bureau of statistics be established for the purpose of collecting and making available all facts relating to the industrial and social interests of the Commonwealth." These recommendations are all that can be distinctly classed as official action prior to the creation of the bureau of statistics of labor in Massachusetts, which dates from June 22, 1869. The functions of that bureau were defined by law as follows:

The duties of such bureau shall be to collect, assort, systematize, and present in annual reports to the legislature, on or before the 1st day of March in each year, statistical details relating to all departments of labor in the Commonwealth, especially in its relations to the commercial, industrial, social, educational, and sanitary condition of the laboring classes, and to the permanent prosperity of the productive industry of the Commonwealth.

The substance of this language finds a place in nearly every law creating a State bureau of similar character in this country, and also in

^a Revised from an article in the *Cosmopolitan Magazine* of June, 1892, with the consent of the publishers.

the Federal law organizing the United States Bureau of Labor and subsequently the Department of Labor. There are now in this country 31 State offices similar to that created in Massachusetts in 1869.*

The efforts looking to the establishment of a Federal office date from April 10, 1871, when Hon. George F. Hoar, of Massachusetts, then a member of the House of Representatives, introduced a bill "To provide for the appointment of a commission on the subject of wages and hours of labor and the division of profits between labor and capital in the United States." December 13, 1871, Mr. Hoar reintroduced his bill with certain amendments, and amendments were also proposed by Mr. Killinger. This bill passed the House of Representatives December 20, 1871, was brought into the Senate January 8, 1872, and was referred to the Committee on Education and Labor. It was reported back by Senator Sawyer, with certain minor amendments, and other amendments were proposed by Senator Wilson. Nothing more was done in that Congress, which was the Forty-second; but April 23, 1879, the legislature of Massachusetts sent a resolution to Congress asking for the establishment of a national bureau of labor, and May 5 of the same year Mr. Murch, of Maine, introduced a bill to establish a bureau of labor statistics. On December 8, 1879, Senator Hoar introduced in the Senate a bill to establish a labor commission. No action was taken upon either bill. April 12, 1880, in the House of Representatives, Mr. Warner introduced a bill to establish a bureau of mines and mining, a bureau of manufactures, and a bureau of labor statistics in the Department of the Interior. This bill was never considered. January 9, 1882, in the House of Representatives, Mr. Belford reintroduced Mr. Warner's bill. December 4, 1883, in the Senate, Mr. Blair introduced a bill to establish a Bureau of Statistics of Labor, and December 10 of the same year, in the House of Representatives, Mr. Willis introduced a bill to establish a Bureau of Statistics of Labor and Industries. December 11, the same year, Mr. Hopkins, in the House of Representatives, introduced a bill to establish and maintain a Department of Labor Statistics. February 12, 1884, the Committee on Labor of the House, after considering various bills, reported the bill introduced by Mr. Hopkins, to establish and maintain a Department of Labor Statistics, and this bill passed the House of Representatives April 19, 1884. It was received in the Senate on the 21st of the same month, and was reported back April 25, by Mr. Blair, chairman of the Committee on Education and Labor. May 22, 1884, Mr. Garland proposed certain amendments to this bill, as did Senator Aldrich. Out of these various bills introduced in 1883-84, an act establishing a Bureau of Labor in the Department of the Interior was framed and passed, and was signed by the President June 27, 1884. This act provided that "the Commissioner of Labor shall collect information upon the subject of labor, its relation to capital, the hours of labor, and the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity."

The earlier bills to which reference has been made were introduced as

* The various State bureaus have been created as follows: Massachusetts, 1869; Pennsylvania, 1872; Connecticut, 1873; Missouri and Kentucky, 1876; Ohio, 1877; New Jersey, 1878; Illinois and Indiana, 1879; New York, California, Michigan, and Wisconsin, 1883; Iowa and Maryland, 1884; Kansas, 1885; Rhode Island, Nebraska, North Carolina, Maine, Minnesota, and Colorado, 1887; West Virginia, 1889; North Dakota and Idaho, 1890; Tennessee, 1891; Montana and New Hampshire, 1893; Washington, 1897; Virginia, 1898; Louisiana, 1900.

the result of the establishment of the bureau of statistics of labor in Massachusetts; the later bills, those introduced in the year 1879 and subsequently, resulted from the various petitions of labor organizations.

The United States Bureau of Labor was organized in January, 1885, and the Commissioner of Labor, February 4, 1885, addressed a letter to the honorable Secretary of the Interior declaring the policy of the office, in which he said:

It should be remembered that a bureau of labor can not solve industrial or social problems, nor can it bring direct returns in a material way to the citizens of the country; but its work must be classed among educational efforts, and by judicious investigations and the fearless publication thereof it may and should enable the people to comprehend more clearly and more fully many of the problems which now vex them.

After the Bureau of Labor—as one of the bureaus of the Department of the Interior—had been in existence three years and had shown the character of its work, the Knights of Labor demanded that Congress should create a Department of Labor, to be independent of any of the general departments. To this end Congressman O'Neill, of Missouri, introduced a bill to establish a Department of Labor, and this bill was promptly passed by the House and the Senate, and was approved June 13, 1888, the act providing that “there shall be at the seat of government a Department of Labor, the general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected with labor, in the most general and comprehensive sense of that word, and especially upon its relation to capital, the hours of labor, the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity.” The act defines the organization of the Department and the duties of the Commissioner, and provides for transferring the Bureau of Labor, its duties, etc., to the Department of Labor. The new Department therefore simply continued the existence of the Bureau of Labor, but with independent functions. The head of the Department was not placed in the Cabinet, but occupied under the new law a position similar to that of the Commissioner of Agriculture before that Department was made a Cabinet office. The powers, duties, and efficiency of the Department of Labor were placed on a better footing than that which existed under the Bureau of Labor.

ORGANIZATION AND FUNCTIONS.

With this brief history of the origin of the United States Department of Labor, it is well to describe its organization and functions, as they really represent those of the various State bureaus. The Department is presided over by a Commissioner, entitled “The Commissioner of Labor;” there is a chief clerk, a disbursing office, stenographers, statistical experts, special agents, librarian, translator, and a proper corps of clerks, messengers, and watchmen. The grade of pay is the same as that pertaining to other Federal offices. The functions of the Department are to collect and publish information, as the law defines, relating to the material, social, intellectual, and moral prosperity of laboring men and women. Under these broad powers the Commissioner can undertake any investigation which in his judgment relates to the welfare of the working people of the country, and which can be carried out with the means and the force at his disposal. He is obliged by law to make an annual report covering the results of his investiga-

tions, and he may make, in his judgment, special reports on particular subjects whenever required to do so by the President or either House of Congress, or when he shall think the subject in his charge requires a special report.

Since November, 1895, the Department has published a bimonthly bulletin. This is published in accordance with a law approved March 2 of the same year, as follows:

The Commissioner of Labor is hereby authorized to prepare and publish a bulletin of the Department of Labor as to the condition of labor in this and other countries; condensations of State and foreign labor reports; facts as to conditions of employment, and such other facts as may be deemed of value to the industrial interests of the country; and there shall be printed one edition of not exceeding 10,000 copies of each issue of said bulletin for distribution by the Department of Labor.

In accordance with the plan adopted, the Bulletin has at least four regular departments of information in each issue, as follows:

First. The results of original investigations conducted by the Department or its agents and experts.

Second. A digest of State labor reports.

Third. A digest of foreign labor and statistical documents.

Fourth. The reproduction immediately after their passage of new laws that affect the interests of the working people, whether enacted by Congress or by State legislatures; and accompanying this there is the reproduction of the decisions of courts interpreting labor laws or passing upon any subject which involves the relations of employer and employee.

The Department thus has three methods of announcing the results of its investigations. The only limitation to the work is that of means and equipment.

The information under any investigation is usually collected on properly prepared schedules of inquiry in the hands of expert special agents, by which means only the information which pertains to an investigation is secured. Rambling and nebulous observations, which would be likely to result from an investigation carried on by inquiries not properly scheduled, are thus avoided. The great advantages of this method have been demonstrated by many years of experience. Sometimes the peculiar conditions accompanying an investigation admit of the use of the mail, but as a rule the attempt to collect information upon any given subject under investigation through the mail has proved a failure. With properly instructed special agents, who secure exactly the information required, who are on the spot to make any explanation to parties from whom data are sought, and who can consult the books of account at the establishment under investigation, the best and most accurate information can be secured, and in a condition for tabulation; in fact, sometimes under this method the tabulation is partially accomplished by the form of the inquiry and answer as shown by the schedule. It should be remembered that the Department of Labor does not attempt to secure information concerning all the people or all the establishments of a city or of the country. This character of work belongs to the Census Office and to the methods of general enumeration. The Department of Labor must secure specific information and on specific topics.

The question is often asked, How do people receive the agents of the Department? As a rule the reception is kindly, even if one declines to give the information sought. As representative and special facts are required, it is always found that if one establishment or one man from

whom facts are desired declines to give them, some other establishment or some other man will be found sufficiently interested in the subject as presented to furnish the information. As time progresses the declinations are less frequent. The Department never allows the names of parties furnishing facts to be given in its reports, but it seeks every method of verification open to it. Thus confidence is secured from the knowledge that in none of the reports have private interests been endangered. Through this confidence manufacturers in this and other countries have opened their books of account, their pay rolls, and their records to the agents of the Department. Estimates, hearsay statements, what a man thinks relative to a fact that can be ascertained—in fine, all variable elements—are carefully and strictly excluded and only original and positive data accepted. Even under this rigid method errors will creep into an official report, and sometimes a statistical conclusion will be, to a small degree at least, invalidated. Such an occurrence, however, is exceedingly rare in the history of the Department.

After the information is brought into the office the schedules containing it are subjected to most careful scrutiny, for the purpose of ascertaining whether there are any logical faults or incongruities in it. If such are found, the agent furnishing it is called upon to verify his work. What I mean by “logical faults or incongruities” is this: For instance, the product of an establishment may be given at a certain sum and the raw material at another, the two being entirely out of proportion. Under such circumstances a schedule could not be accepted, and there must be a reexamination. When the schedules are all verified, the classifications and tabulations are made, every calculation being subjected to rigid verification in the preparation of copy for the press, and in the reading of the proof all original calculations must again be verified, all references reexamined, and every care taken to guard against typographical as well as clerical errors. Figures made by the officers of the Department in their analysis or by the most skilled expert in it are never allowed to be printed until verified.

THE CHARACTER OF THE WORK.

The altruistic spirit of the age undertakes to ascertain what social classes owe to each other, and statistical science helps the world to the answer. Generally three answers may be given to the inquiry. If we say social classes owe nothing to each other, then society retrogrades to civilized heathenism, and neither social science nor statistics has any place among the departments of human knowledge. If the answer is that social classes owe everything to each other, then socialism is the logical form of social organization. But if the answer is in the spirit of “Inasmuch as ye have done it unto the least of these, ye have done it unto Me,” then we have put the Christian religion into social science, have answered the question rationally, and must have the light of facts in order that the action, either of governments or of communities, under the spirit of this answer shall not be either futile or absurd. Altruism is the rule of the day as against the individualism of the past. Its tendency must be guided by facts, and facts can only be gained by the most faithful application of the statistical method, not only in the gathering thereof, but in the application. Personal observation on which to base conclusions is not sufficient. Very many illus-

trations might be given of this fact, but they are hardly essential. The assertion can be made, however, without fear of contradiction, that very many conclusions have been deduced from mere observation which the facts, when properly classified, showed were erroneous. The attempt to compare criminal conditions through criminal statistics, the use of city criminal statistics as against those belonging to the country, the acceptance of one line of statistics relative to moral conditions when two or three are essential—all these directions in which the statistical method is used teach us that ordinary observation is too faulty, at least for legislative purposes. So the character of the work of an office having the functions of the Department of Labor must be based upon the Baconian idea of securing the facts before taking the action.

The character of the work of the Department has been critical, involving the closest application of the statistical method, and has been free to a large extent, if not entirely, from any desire to argue a point. If there have been errors in the origin of investigations they have arisen from a misconception of what constitutes labor statistics. A glance at the different volumes already issued may perhaps give the best evidence as to whether the Department has properly construed the character of its work. The Department has issued 15 annual reports, 9 special reports, and 33 bimonthly bulletins.

The first annual report related to industrial depressions. The information for this report was collected and classified by a force entirely inexperienced, with a small amount of money at command, with the anxiety that comes of the organization of a new work, with some jealousies as to the appointment of the head prejudicing its labors, with a critical watchfulness of friend and foe, and with the idea prevailing among labor organizations that the duty of the new office (then the Bureau of Labor) was in the nature of propagandism, and not of the educational function of gathering and publishing facts. This report upon Industrial Depressions, however, gave the Bureau of Labor a standing, and convinced its friends that with proper financial equipment it could handle any reasonable investigation that might be committed to it. The statistics published in that report bore upon the various features involved in depressions. It brought out for the first time the relation of nations to each other as producers and the various influences bearing upon discontent, and gave a summary of the causes and a classification as to regularity of previous depressions, etc., every page bearing directly or indirectly upon the condition and the welfare of the working men and women of the country.

The second annual report (now out of print) related to convict labor as carried on in the penal institutions of the country. This investigation was directed by a joint resolution of Congress. It comprehended all the facts ascertainable relating to the employment of convicts in every institution of whatever grade in the United States in which the inmates were in any way employed on any kind of productive labor. The results were exceedingly valuable, and they brought out the clear and well-defined relations between convict labor and other labor, the importance of it, the character of it, the relation of cost to product, and all the other features which one might expect as bearing upon the subject. The report also contained a most valuable digest of the laws of States and of countries in the past and for the present bearing upon the employment of convicts. All the methods in vogue were fully and freely described and discussed and their advantages and disad-

vantages brought into relation. Certainly the whole report must be considered strictly as one of labor statistics.

The third annual report (now out of print) was the result of an investigation relating to strikes and lockouts occurring in the United States during the years 1881 to 1886, inclusive. The report was exhaustive and complete, so far as all the material facts relating to strikes and lockouts were concerned. It could not undertake to investigate the psychological elements of strikes except as such psychological elements were illustrated in actions and results. The statistical method fails when it undertakes to grasp the inner motives of men; but it succeeds when it undertakes to record the results of those motives as they appear to the public. The report contained a digest of laws relating to strikes and boycotts, the course of the change of sentiment in judicial decisions on conspiracies, and a brief history of the great strikes of the past. Clearly, the report was one of labor statistics and nothing else.

The fourth annual report related to working women in twenty-two of the larger cities of the United States. It did not undertake to investigate the work of women in the lowest industrial pursuits, nor in the professions nor even in semiprofessional callings, but gathered all the facts as to wages, expenditures, health, moral and sanitary surroundings and conditions, and results of work for those women popularly known as "shop girls"—perhaps the middle class of working women. The facts were almost entirely collected by women, who took every means to verify the statements made to them, and the results were a body of facts relating to more than 17,000 women. The report also comprehended what was being done in the cities canvassed in the way of clubs, homes, etc., to assist working women when out of employment or when otherwise requiring temporary encouragement. To my own mind, this report must be classed among the most valuable of those relating to labor.

The fifth annual report (now out of print) was upon the railroad labor of the country, and by it the results as to pay and the efforts of companies to assist their employees, the liability for accidents, and other features were brought out. Railroad corporations gave into the hands of the agents of the Department their vouchers and pay rolls, from which were taken all the facts relating to wages and earnings. When it is understood that there are nearly a million employees of the different railroad corporations in the country, the importance of securing and publishing the facts relating to them becomes apparent. The vast body of workers on the great railroad systems of the country, in whose hands the welfare of the community in many respects is placed, and upon whose faithfulness in the discharge of duty life and limb so largely depend, is a body for which all facts should be ascertained. This report has never been studied as it should be. It contains data of the greatest importance in the consideration of labor questions. The migration of labor—its tendency to change position and to seek new fields—was for the first time, so far as my knowledge goes, brought out and statistically stated. A new thought was also brought to light, resulting in what may be called the "theoretical condition" of employees working under the wage system. Philosophically, so far as the discussion of labor questions and of certain features of socialism is concerned, the fifth annual report offers material never before published.

The sixth and seventh annual reports relate primarily to the cost of

producing iron and steel and cognate products, the textiles and glass in this and other countries. This work was ordered by Congress in the organic law of the Department. It took three years and a half of the most laborious efforts to collect and tabulate the information. The primary object of securing the information relative to the cost of production, so far as Congressional action is concerned, was to ascertain the difference between the cost of producing articles abroad and in this country, that a more scientific conclusion might be reached relative to the rates of duties necessary for the purposes of equalization. Incidentally, however, along with the collection of the data required by Congress, the wages of those working in the industries comprehended by the investigation, as stated, and the cost of the living of workers in these industries were considered, and the bulk of the reports (the sixth and the seventh) relate to wages and the cost of living, comprehending in the latter feature the facts for more than 16,000 families. Thoroughly and preeminently are these reports of labor statistics.

The eighth annual report was especially ordered by Congress, and related to industrial education in different countries. It took up the status of industrial education in the United States, Austria, Belgium, France, Germany, Great Britain, Italy, Russia, the Scandinavian countries, and Switzerland. It also dealt with the kindergarten in relation to manual training, manual training in conjunction with book-work, manual training and trade instruction in reformatories, the effect of manual training and trade instruction upon the individual, and it contained an extensive bibliography of works treating upon industrial education. This report has been of great value in States where the subject of industrial education in any form has been discussed by legislatures.

The ninth annual report related to building and loan associations, including under that general title all associations the objects of which were similar to those of building and loan associations, the general subject including cooperative banks, mutual loan associations, homestead aid associations, savings fund and loan associations, and other similar institutions. The work was comprehensive, and covered all the associations in the United States as they existed in 1892-93, with full tables giving the facts as to number, series, shares, number and sex of shareholders, etc. It also contained special interest-rate tables and average premium-rate tables, with a description of the various plans adopted for the payment of premiums and for the distribution of profits, as well as withdrawal plans. The report also contained a chapter giving general legislation relating especially to building and loan associations.

The tenth annual report (now out of print) was a continuation of the third, relating to strikes and lockouts, and was in two volumes, Volume I containing an analysis of all tables and the detail tables of all strikes and lockouts occurring in the United States from January 1, 1887, to June 30, 1894. Volume II contained summaries of the detail tables given in Volume I. The analysis reclassified and summarized the facts contained in the third annual report, giving strikes and lockouts from January 1, 1881, to December 31, 1886. The tenth, therefore, comprehended all strikes and lockouts from 1881 to June 30, 1894.

The eleventh annual report was the result of an investigation concerning the work and wages of men, women, and children, classifying the occupations and earnings of women and children and men, and deal-

ing with the relative efficiency of women and children and men engaged in the same occupation, the comparison of earnings of women and children and men of the same grade of efficiency, the reasons usually given for the employment of women and girls, the hours per week worked in establishments, and the different occupations followed by women and girls.

The twelfth annual report was the result of instructions from Congress authorizing the Commissioner of Labor to make an investigation relating to the economic aspects of the liquor problem. The report gave the production and consumption of liquors, the traffic in liquors, the revenue derived from the production of and the traffic in the same, the experience and practice of employers relative to the use of intoxicants, and various tables relating to license fees or special taxes, fines, etc. It also gave the laws regulating the revenue derived from liquor production and traffic in the different States. The report was for the year ending June 30, 1897.

The thirteenth annual report, entitled *Hand and Machine Labor*, was also the result of an investigation authorized by joint resolution of Congress, under the provisions of which the Commissioner of Labor was authorized and directed to investigate and make report upon the effect of the use of machinery upon labor and the cost of production, the relative productive power of hand and machine labor, the cost of manual and machine power as they are used in the productive industries, etc. This resolution was approved August 15, 1894, and after between three and four years of very difficult labor the results of the investigation were reported in October, 1898, in the thirteenth annual report. The work was published in two volumes.

The fourteenth annual report, published in December, 1899, related to water, gas, and electric light plants under private and municipal ownership, and was designed to bring out the essential facts relating to such works in the United States. The report was the result of an agreement by the various Commissioners of Labor at their annual convention held in Albany in June, 1896. It was impossible to make such a report comprehensive in all its details, yet the Department was able to bring out the facts for the representative private and municipal works under the various designations as they existed in the United States at the time of the investigation.

The fifteenth annual report is the only compilation the Department has ever indulged in. All its works other than this have been the results of original inquiry and investigation. The fifteenth annual gives the wages and hours of labor in the principal commercial countries of the world for as many years as possible, the facts being taken from authenticated official reports of the countries involved in the compilation. In many countries the quotations of rates run back many years, and in all countries, so far as possible, they are brought down to the summer of 1900.

The sixteenth annual report is now in course of preparation, and covers the statistics of strikes and lockouts from June 30, 1894 (the date at which the investigation resulting in the tenth annual report ended), to December 31, 1900. The report will restate the summaries contained in the third and tenth reports. A history of strikes prior to 1880, and also the attitude of the courts relative to conspiracy, etc., will be given. When this report is published, which will not be until the winter of 1901, the Department will have an exhibit of the strikes.

and lockouts in the United States from January 1, 1881, to December 31, 1900, a period of twenty years.

The first of the special reports published by the Department is entitled "A report upon the statistics of and relating to marriage and divorce," and was sent to Congress in 1889 under special provision of an act of Congress to enable the Commissioner to make the report. This document covers the statistics of marriage and divorce in the United States for twenty years—from 1867 to 1886, inclusive, and it comprehends also statistics and laws of other countries. To make it required the collection of data from libels for divorce and divorce dockets of more than 2,600 courts in the United States having divorce jurisdiction. Much has been said by my friends in labor organizations condemnatory of this report, not as to its character, but as to the propriety of the Department of Labor making it. The answer is very emphatic and to my mind thoroughly comprehensive: That Congress found the Department of Labor the only one connected with the Government having the proper machinery for carrying out its purposes; further, if there is any subject in which labor should be actively interested, and which concerns the happiness of the working man, it is the sacredness and the permanency of home relations. To my own mind, the report upon marriage and divorce is as thoroughly—although on the first appearance somewhat remotely—essential to labor in all its interests as any reports upon wages or cost of living.

The second special report is one that has been in very great demand. It was originally published in 1892, and comprehended the labor laws of the United States Government and of the different States, giving such laws in full, together with annotations relative to decisions of courts affecting them. By a concurrent resolution adopted by Congress March 5, 1896, a second and revised edition of the second special report was published.

The third special report (now out of print) was simply an analysis of all State labor reports that had been published up to 1893, and was made with special reference to the needs of the Department. No subsequent analysis has been made, but an analytical list of the contents of the various annual and biennial reports of the States having bureaus of statistics of labor or similar offices is in course of preparation. These volumes now number over 400.

The fourth special report related to compulsory insurance in Germany; the fifth special, to the Gothenburg system of regulating the liquor traffic; the sixth special, to the phosphate industry of the United States; the seventh special, to the slums of the cities of New York, Chicago, Philadelphia, and Baltimore; the eighth special, to the housing of the working people, and the ninth special consisted of a study of the Italians in the city of Chicago.

In addition to the annual and special reports just enumerated thirty-three numbers of the bimonthly Bulletin have already been issued. The leading articles in these bulletins are as follows:

No. 1. Private and public debt in the United States, by George K. Holmes. Employer and employee under the common law, by V. H. Olmsted and S. D. Fessenden.

No. 2. The poor colonies of Holland, by J. Howard Gore, Ph. D. The industrial revolution in Japan, by William Eleroy Curtis. Notes concerning the money of the United States and other countries, by W. C. Hunt. The wealth and receipts and expenses of the United States, by W. M. Steuart.

No. 3. Industrial communities: Coal Mining Company of Anzin, by W. F. Willoughby.

- No. 4. Industrial communities: Coal Mining Company of Blanzky, by W. F. Willoughby. The sweating system, by Henry White.
- No. 5. Convict labor. Industrial communities: Krupp Iron and Steel Works, by W. F. Willoughby.
- No. 6. Industrial communities: Familistère Society of Guise, by W. F. Willoughby. Cooperative distribution, by Edward W. Bemis, Ph. D.
- No. 7. Industrial communities: Various communities, by W. F. Willoughby. Rates of wages paid under public and private contract, by Ethelbert Stewart.
- No. 8. Conciliation and arbitration in the boot and shoe industry, by T. A. Carroll. Railway relief departments, by Emory R. Johnson, Ph. D.
- No. 9. The padrone system and padrone banks, by John Koren. The Dutch Society for General Welfare, by J. Howard Gore, Ph. D.
- No. 10. Condition of the negro in various cities. Building and loan associations.
- No. 11. Workers at gainful occupations at the censuses of 1870, 1880, and 1890, by W. C. Hunt. Public baths in Europe, by Edward Mussey Hartwell, Ph. D., M. D.
- No. 12. The inspection of factories and workshops in the United States, by W. F. Willoughby. Mutual rights and duties of parents and children, guardianship, etc., under the law, by F. J. Stimson. The municipal or cooperative restaurant of Grenoble, France, by C. O. Ward.
- No. 13. The anthracite mine laborers, by G. O. Virtue, Ph. D.
- No. 14. The negroes of Farmville, Va.: A social study, by W. E. B. Du Bois, Ph. D. Incomes, wages, and rents in Montreal, by Herbert Brown Ames, B. A.
- No. 15. Boarding homes and clubs for working women, by Mary S. Fergusson. The trade-union label, by John Graham Brooks.
- No. 16. The Alaskan gold fields and opportunities for capital and labor, by S. C. Dunham.
- No. 17. Brotherhood relief and insurance of railway employees, by E. R. Johnson, Ph. D. The nations of Antwerp, by J. Howard Gore, Ph. D.
- No. 18. Wages in the United States and Europe, 1870 to 1898.
- No. 19. The Alaskan gold fields and opportunities for capital and labor, by S. C. Dunham. Mutual relief and benefit associations in the printing trade, by W. S. Waudby.
- No. 20. Condition of railway labor in Europe, by Walter E. Weyl, Ph. D.
- No. 21. Pawnbroking in Europe and the United States, by W. R. Patterson, Ph. D.
- No. 22. Benefit features of American trade unions, by Edward W. Bemis, Ph. D. The negro in the black belt: Some social sketches, by W. E. B. Du Bois, Ph. D. Wages in Lyons, France, 1870 to 1896.
- No. 23. Attitude of women's clubs, etc., toward social economics, by Ellen M. Henrotin. The production of paper and pulp in the United States from January 1 to June 30, 1898.
- No. 24. Statistics of cities.
- No. 25. Foreign labor laws: Great Britain and France, by W. F. Willoughby.
- No. 26. Protection of workmen in their employment, by Stephen D. Fessenden. Foreign labor laws: Belgium and Switzerland, by W. F. Willoughby.
- No. 27. Wholesale prices: 1890 to 1899, by Roland P. Falkner, Ph. D. Foreign labor laws: Germany, by W. F. Willoughby.
- No. 28. Voluntary conciliation and arbitration in Great Britain, by J. B. McPherson. System of adjusting wages, etc., in certain rolling mills, by J. H. Nutt. Foreign labor laws: Austria, by W. F. Willoughby.
- No. 29. Trusts and industrial combinations, by J. W. Jenks, Ph. D. The Yukon and Nome gold regions, by S. C. Dunham. Labor Day, by Miss M. C. de Graffenried.
- No. 30. Trend of wages from 1891 to 1900. Statistics of cities. Foreign labor laws: Various European countries, by W. F. Willoughby.
- No. 31. Betterment of industrial conditions, by V. H. Olmsted. Present status of employers' liability in the United States, by S. D. Fessenden. Condition of railway labor in Italy, by Dr. Luigi Einaudi.
- No. 32. Accidents to labor as regulated by law in the United States, by W. F. Willoughby. Prices of commodities and rates of wages in Manila. The negroes of Sandy Spring, Md.: A social study, by W. T. Thom, Ph. D. The British Workmen's Compensation Act and its operation, by A. Maurice Low.
- No. 33. Foreign labor laws: Australasia and Canada, by W. F. Willoughby. The British Conspiracy and Protection of Property Act and its operation, by A. Maurice Low.

In addition to the annual and special reports and the bimonthly Bulletin, a large part of the force of the Department was engaged for nearly a year, in association with the Senate Committee on Finance, in

collecting for that committee the statistics of wages and prices for a period of fifty-two years (from 1840 to 1891, inclusive) which were published in seven volumes. It has also made some reports in accordance with Senate resolutions calling for the same, namely, one on total cost and labor cost of transformation in the production of certain articles in the United States, Great Britain, and Belgium; one on the cost of producing white-pine lumber in the United States and Canada; and one on the effect of the international copyright law in the United States.

To my mind, all the facts which have so far been gathered and published by the Department bear, either directly or indirectly, upon the industrial and humanitarian advance of the age, and are all essential in any intelligent discussion of what is popularly known as the "labor question." Labor statistics must not be considered as simply statistics relating to narrow fields, but, in the language of the law creating the Department of Labor, they should relate to the "material, social, intellectual and moral prosperity" of all concerned; and this means the material, social, intellectual, and moral prosperity of society itself. If the industrial elements of a nation are not progressing intellectually and morally to a higher social plane, little can be expected from all the educational efforts which may be made under the conventional and academic methods. There must be the broader education which comprehends the industrial freedom of men and women as a prerequisite to securing intellectual and political freedom.

Kindly criticism is sometimes made upon the Department by its friends that it does not do this or that—that it has not taken up investigations that are most pressing in their nature. The answer to this is that the Department is limited in many directions. It would be a very great piece of maladministration to undertake an investigation that could not be carried to reasonable completeness, to undertake a work which the Department has neither the means nor the equipment to carry on, and very many of the suggestions which are in the kindest way made to it are suggestions which would involve the expenditure of hundreds of thousands of dollars to carry out, and the employment of a force of hundreds of people instead of the use of the means and the force at the command of the Department. There has never been a suggestion made relative to the work of the Department that the Commissioner would not gladly have carried out had he had the means to do so. And yet Congress has been very liberal. Commencing with \$25,000 as the annual appropriation for the Bureau of Labor, Congress now appropriates more than \$175,000, exclusive of printing, for the administration of the Department, and so far as I know there has been no inclination on the part of the House, the Senate, or the President to in any way abridge or interfere with the work of the Department. On the other hand, it has met with the most generous confidence on the part of Congress and of the President, and been aided in all reasonable ways in bringing its work to a high standard of excellence.

This is in evidence through the continued demand for the reports of the Department. Congress is constantly supplying new editions of exhausted numbers, so that on the whole the Department is able to furnish libraries and students with most of its publications. One of the most gratifying demands comes from reading clubs which are being established rapidly all over the country by labor organizations.

The study of economic facts by such organizations ought to be stimulated in every way, and the Federal Government, through its Congress, does not hesitate to meet this demand.

The question is often asked why the Department does not furnish data each year showing the condition of labor and industrial matters continuously. This would be a desirable result to be accomplished, but it would involve a very large expenditure of money and practically a census of manufacturing establishments. This can be done only at the decennial census of the United States. In order to give complete statements of an industry, the Department would have to canvass all the establishments in that industry, and hence in all industries. It will be seen at once that this is an impossibility. The Department is therefore content to make special investigations each year, the results of which, if of sufficient importance in volume and value, are published in its annual report, and if of minor importance in volume, although maybe not in value, they are published in the bimonthly Bulletin. The special reports authorized by Congress enable the Department to publish the results of special investigations which can not be included in either of the other forms of publication.

The Department can determine many things by the statistical method, and it must work emphatically on that method. It is often said that it should undertake the agitation of certain features of reform; in other words, that it should become the instrument of propagandism. But when this proposition is made the question should be asked, Whose ideas of reform should be adopted, of what propositions should it become the propagandist, and to what extent should it argue for or against the platforms of this or that party or organization? It seems to me that all men who comprehend the value of accurate knowledge must see at once that for the Department to enter upon such a course would result in its immediate abolition; that should it become the advocate of any theory it would thereby become partisan in its work and thus destroy its own efficiency. If the Department advocates a proposition it necessarily takes the position of an advocate, and hence a partisan, and lays itself open to the charge of having collected facts to substantiate and bolster up its position, or of having neglected to secure facts which might antagonize such position. Whenever the head of the Department of Labor attempts to turn its efforts in the direction of sustaining or of defeating any public measure, its usefulness will be past and its days will be few. It is only by the fearless publication of facts, without regard to the influence those facts may have upon any party's position or any partisan's views, that it can justify its continued existence, and its future usefulness will depend upon the nonpartisan character of its personnel. And what has been said in regard to the Federal office applies with equal force to the State offices of kindred nature. Practically, the Federal and State offices are working along legitimate lines. They have published over 400 volumes.

The British, French, Belgian, and Austrian Governments, as well as those of New Zealand, New South Wales, the Dominion of Canada, and the Province of Ontario, Canada, have followed the example of the United States in establishing bureaus of statistics of labor, usually adopting the American plan. The statistical bureaus of several other foreign governments, particularly Germany, Italy, and Sweden, publish labor statistics as a part of their regular official work. All these

offices are working successfully, and are furnishing economic data which are used by the legislatures of the different governments and wherever facts are essential for the proper discussion or consideration of industrial conditions.

The future of usefulness open to this chain of offices is hopeful, indeed, and it is apparent that they are engaged in a grand mission in securing that information which is essential for the proper understanding of industrial conditions. The results they are bringing out constitute a most valuable series of contributions to social and political science. The popular education of the masses in the elementary facts of political and economic science is the greatest educational end of the day. The bureaus of statistics of labor are emphatically in the line of facilitating this grand work by their faithful investigations into all the conditions where facts should be known and into all causes of bad conditions of whatever nature, and by their fearless promulgation of the results of their investigations. To attempt to turn such a sphere of labor to base purposes is a crime not easily punishable by law, but which can be punished by an unwritten law which reaches the violator through a decree more to be dreaded than any merely judicial order or sentence—the sentence public opinion passes upon the man who prostitutes a public trust in the cause of humanity.

II. THE VALUE AND INFLUENCE OF LABOR STATISTICS.^a

By CARROLL D. WRIGHT.

There are now in the United States, besides the Federal Department of Labor, thirty-one State bureaus or departments devoted to the collection of statistics of labor by means of original investigations. Besides these, the Federal Census Office, the Bureau of Statistics of the Federal Treasury and Agricultural Departments, the Bureau of Foreign Commerce of the Department of State, the departments and boards of agriculture of the various States, and various other offices may be considered as publishing labor statistics in some degree. But I speak here of the value and influence of those offices first mentioned—those devoted specifically and technically to the investigation of social and industrial conditions and to the publication of distinctive labor statistics. These offices had their foundation in the establishment of the Massachusetts bureau in 1869. Gradually other States created bureaus of statistics of labor, and in 1884 the United States Government added its own office to those already in existence. All the offices, together, have published over 400 octavo volumes, covering a great variety of topics and the results of investigations relative to almost every condition and environment of the workingman.

The character and quality of the work of the different offices varies in some degree, due to a considerable extent to the short tenure of the heads of the different bureaus. Where the governor of a State has allowed himself to ignore politics and insist upon scientific work, the bureaus have achieved the greatest success; but as a rule a governor feels that the office of the chief of the bureau of statistics of labor of his State must be filled by somebody from his party, without reference to the skill, the experience, or the integrity of the incumbent under the

previous administration. Yet I am glad to say, as the result of pretty careful study of the reports of all the officials who have done duty in this country during the past thirty-two years, that no matter for what reason they were appointed, no matter how inexperienced in the work of investigation and of compilation and presentation of statistical matter, no matter from what party they came, and whether in sympathy with capital or with labor, and even if holding fairly radical socialistic views—the men have, almost without exception, at once comprehended the sacredness of the duty assigned them, and have served the public faithfully and honestly, being content to collect and publish facts without regard to their individual bias or their individual political sentiments. As soon as a man realizes that he is giving to the world a fact, he feels the necessity of accuracy, and that to distort the information collected would be to commit a crime worse than any ordinary lying, because it would mislead legislators and others and fix a falsehood in the history of the State. Many men, too, have come into the work of the statistical bureaus feeling that they could use them as the means of propagandism in some way, and in a few cases this has been attempted, but almost always with failure, because bureaus are looked to to furnish information relative to actual conditions surrounding industry.

That what I have said is true is illustrated by other countries following the example of the American States. Great Britain, France, Belgium, Austria, New Zealand, New South Wales, Canada, and the Province of Ontario, Canada, have established bureaus following in their duties very closely those assigned by law to the American bureaus and departments. In Germany, Italy, and Sweden labor statistics of the same character are published by general statistical bureaus. A distinguished member of the House of Commons of England told me a few years ago that, whenever he wished to lay any facts relative to workingmen before his colleagues, he carried into the House some American report on the statistics of labor. In the Chamber of Deputies of France, in the German Reichstag, and in the legislative bodies of other countries the American labor reports have been freely used in economic discussions. Had not the work of the American offices been highly regarded, these things would not have occurred. It is true, of course, that the sentiment of the times is largely conducive to the successful operation of bureaus of statistics of labor. The general attention paid to social and industrial conditions and all conditions affecting the environment of men has fitted the soil for statistical seed. The altruistic spirit of this age calls for accurate information, that it may know how best to expend its efforts and not dissipate its energy. The question is constantly being asked: "What do social classes owe to each other?" and that any one class may not be deceived in the nature or magnitude of its debt, it must turn to statistics to ascertain the true situation.

The question is often asked, and by very intelligent people, Of what good is a bureau of statistics of labor? Does the workingman secure any direct benefits from its existence? This question can not be answered very specifically, any more than could one asking for the direct benefits of the public school. It would be a difficult process to show how a dollar more is made to enter the pockets of the working people through the existence of the public schools, or any other educational

^a Revised from an article in the Engineering Magazine of November, 1893, with the consent of the publishers.

institution, and yet all men will admit that the sum of benefits is largely increased by the existence of schools. Personally, I have always contended that a bureau of statistics of labor, wherever it exists, is simply a part of the educational machinery established by the community through which it is enabled to know more of itself. "Know thyself" is an injunction which should be applied to communities as well as to individuals, and it is only through rigid, impartial, and fearless investigations that any community can know itself in many directions. Notwithstanding this general view of the educational influence of the offices I am considering, very many instances of their specific influence can be cited. These instances I must, for purposes of convenience, draw largely from those which have come under my own observation or within my knowledge, for to enter upon a research of all the influences which have come in direct ways from the services of all the offices in existence in this country would take me too far afield.

One of the first results that I remember, as being traceable to a published report, related to the tenement-house system of the city of Boston. In the second, third, and fourth reports of the Massachusetts Bureau of Statistics of Labor there were many facts showing the condition of the tenement houses in the city named. The public was fully apprised of the misery that existed in them, resulting from bad conditions, ill construction, and all that tended to make tenement-house life an evil. Public attention was aroused through these publications, better laws were framed and passed, and a public sentiment created which crystallized in a reform movement having for its purpose the improvement of tenement houses in Boston. Some of the worst places were improved, and the impetus then given is still active, as is shown by the existence of societies in that city and their influence in securing from the legislature an appropriation to enable the bureau in that State to make a very exhaustive investigation covering every tenement of whatever grade in the city of Boston.

The bureaus everywhere, whenever conditions warranted it, have investigated the subject of child labor and shown to the public all the facts connected with such employment, the evils it entailed upon the community, and the methods which could be resorted to for its reduction, and everywhere, too, the results have been beneficial. If the bureaus had never accomplished anything else than the marked reductions in the number of young children—those under 10 years of age—who are employed in factories and workshops, they would have amply repaid the public for its expenditure in their equipment and support.

The publication of information relative to the inspection of factories and workshops in England and other countries, together with statistics showing the necessity for such inspection in this country, has led in several States to the establishment of boards of factory inspectors. These boards have committed to them the execution of all laws providing in any way for the benefit of those who have to work in any kind of productive establishments. These inspectors enforce the laws concerning the hours of labor, the employment of women and children, the guarding of machinery so that the operatives may be more free from accidents, and in all ways undertake the enforcement of all laws of the character specified. Through these efforts (and they were largely induced by the reports of labor statistics) child labor has decreased, accidents have been reduced in number and severity, the hours of labor have been shortened and recognized, and so all along

that line of facts the influence of the reports of the bureaus has been enormous; the value of their statistics can not be expressed by figures.

The first ten-hour law in this country was passed by the Massachusetts legislature in 1874. The statistics published by the bureau of that State helped the passage of the law in a marked degree, and saved its repeal in later years. The manufacturers, finding that they were brought under the ten-hour law so far as minors and women were concerned, felt that the manufacturers in surrounding States ought to be brought under like laws or the law of Massachusetts should be repealed, for they claimed, as was claimed in England years ago, that in working under a ten-hour law the manufacturers of Massachusetts were placed at a decided disadvantage relative to the manufacturers in the surrounding States. The legislature therefore directed the bureau of statistics of labor to investigate the subject of the hours of labor in that State and in the other New England States. The result of the investigation showed that, under a ten-hour system, the Massachusetts manufacturers paid more wages than those in the other States, where eleven and twelve hours were the rule; that they produced more goods on any basis that could be named, whether per individual or per machine; in short that in every respect the Massachusetts operatives were under better conditions than those of the surrounding States. There has been no attempt since that report was published to repeal the ten-hour law of Massachusetts. On the other hand, other States have followed suit, until now that system prevails generally in the United States.

The bureaus have been very influential in securing a modification of the old common-law rule relating to the liability of employers for accidents occurring to their employees. Under this rule a workman can not recover damages for injuries received through the carelessness or negligence of a coemployee, although a stranger might recover damages for an injury following the same carelessness or negligence; as, for instance, under the old common-law rule, a brakeman on a train running perhaps 500 miles could secure no damages from a railroad corporation in consequence of injuries received through the carelessness or negligence of a switchman along any part of the line, although the brakeman knew nothing of the switchman, had no knowledge of his skill or capacity when he engaged with the company, and in no sense of the word, so far as reason is concerned, could be considered the coemployee of the switchman; yet, although that common-law rule grew up before great industrial enterprises were established, judges had adhered to it and had ruled that in such a case as that just mentioned the switchman and the brakeman were coemployees, and therefore the employer could not be held liable. The agitation for a legislative change in this common-law rule in England resulted in the enactment of a law in 1880 changing or modifying the rule, and in this country, the matter being taken up by bureaus of statistics of labor, several legislatures have been convinced of the justice of a change, and have therefore made it; the dire results which were predicted as sure to follow the change of the rule have not followed. In this direction the bureaus have done a great service, not only to the employees of railroads and corporations engaged in productive industry, but in securing the public against the employment of incompetent men.

Another very emphatic influence which the bureaus have exercised

is in the abolishment or modification of what is known as the "truck-store" system, or, as it is more popularly known in some parts of the country, the "pluck-me" method of store trading. This system consists in the establishment of a store by the proprietors of a works for the supply of its employees. Formerly, in many instances, the prices charged at these stores were much higher than those charged at other places, and so the employee of a concern having a truck store was almost compelled, and in many instances actually compelled, to purchase the necessities of life for his family at an exorbitant price, whereby the employer made a second profit on the labor of the employee. In very many instances the workmen of such an establishment never saw any money from one year's end to another. The pay for the goods purchased in the store was secured by the pay rolls, and the debts and credits left no margin on pay day. Early in the existence of bureaus of statistics of labor this system was attacked through the statistical method, and the result has been that in very many States laws have been passed making it a criminal offense, in some cases, to carry on such a system, and in other cases making it the duty of the proper officers to see to it that they are regulated. The evils of the truck-store system have not yet been entirely eradicated in this country, but the change has been great, and the value to the wage receiver of the greatest importance.

In this connection I might mention the influence which the bureaus have had in securing more frequent payments for the workingman. Formerly the payments were monthly. Under this system the credit system grew also, because without ready money the wage receiver must secure credit of his grocer, and the grocer, under such circumstances, looks out that the charges are sufficient to cover the delay in receiving his money or the losses which may come through his endeavors later on to collect the amount of his bill of the employer through the trustee or the garnishee system. Weekly payments have been shown by various bureaus to be beneficial in eradicating some of the evils of the credit system.

In some of the Western States there have grown up during the past few years some of the most rascally practices on the credulity of the workingman that have ever been known. They are robberies of the meanest sort, for they not only rob a man of his money, but in many instances of his manhood. The practice I refer to is that of a certain class of employment offices, located usually in the rear of some beer saloon, which advertise that a large number of men are wanted for labor in a certain city, but almost always at a distance. In a Western city one of these offices advertised for one thousand men to proceed immediately to Washington, D. C., where employment would be furnished at \$1 per day. Hundreds of men responded to this advertisement. They were obliged to pay down \$3 or \$4, as the case might be or as the rascality of the manager might demand, and then the men were put off by various excuses for several days, until they began to clamor for their contract. When they became too demonstrative the manager would pay back a part of the sum advanced, for the sake of integrity. Meantime, however, these hundreds of men, loafing about his beer saloon, had expended more or less money for beer, in addition to the fee paid for the supposed employment. In one city an advertisement appeared for a large number of men to be shipped to Iowa, while in Iowa an advertisement appeared for a large number of men to be shipped

to the very place of the first call. The bureaus in some of the States where such practices have been carried on collected the information relative to these offices and exposed the swindle perpetrated upon the wage receiver. Much good was derived from these reports, and in addition to the laws in existence others of a more stringent nature followed.

These instances of the direct influence and value of bureaus of statistics of labor are sufficient, it seems to me, to prove beyond any question their right to exist, their right to the sympathy and support of the public, and their right to ample equipment and means for carrying on their beneficent work. But they have another office to perform, which is one of the leading offices of statistics in every direction, and that is the correction of false impressions and the removal of apprehension, and two or three instances of this kind may perhaps be of service.

The statement is usually made by writers on the labor question from the capitalistic point of view that the prosperity of the savings banks of the country represents absolutely the prosperity of the working-man—that the total amount of savings in such banks clearly indicates the prosperity of labor. I am not disposed to question this statement, so far as it applies as a principle, but I question the degree of accuracy contained in it, for the investigations have clearly shown that only about one-half of the deposits in the savings banks belong to men and women engaged in manual labor or in the toil necessary to the production of goods. Such a fact, properly brought out, simply sets people's thoughts in the right direction, although it does not disapprove the sentiment underlying the erroneous statements regarding the conditions involved.

In 1878 a great deal was said about the unemployed in this country. It was reported, and the report was very industriously circulated, that there were from 200,000 to 300,000 people out of employment in Massachusetts, 40,000 in the city of Boston alone, and 3,000,000 in the United States. These figures were quoted in newspapers, works on political economy, speeches in Congress, political resolutions, etc., until they came to be believed everywhere, and yet no attempt was made, officially or otherwise, to ascertain the real facts. The bureau of statistics of labor of Massachusetts undertook to make an investigation of the subject, and this it did at two separate canvasses, one in June, 1878, and the other in November of the same year. The result showed that in that Commonwealth, on June 1, there were 28,508 skilled and unskilled laborers, male and female, out of employment, seeking and in want of work, and that in November there were not more than 23,000 of the same class. On these bases, there could not have been over 460,000 unemployed able-bodied men and women in the United States, ordinarily having work, out of employment at the time mentioned. The report further showed that in the State mentioned there were in 1875 only 316,459 persons engaged in manufactures and mechanical industries, in occupations upon which they depended for support, whether actually employed or not, and the whole number actually employed in the manufacturing and mechanical pursuits of the State was 308,963. If, therefore, there had been 200,000 or 300,000 persons out of employment in the State in June, 1878, as the alarmists were in the habit of stating, there could have been hardly any left in the factories and workshops of the community. The figures published by the report were

used all over the country, and completely reversed the popular belief relative to the vast number of the alleged unemployed in the country.

But I think one of the most striking instances of the removal of false impressions from the public mind relates to mortgage indebtedness on real estate. In a speech made in Congress in May, 1888, the statement was quoted from an agricultural paper that the estimated mortgage indebtedness of all real estate in Ohio at that time was \$701,000,000; in Indiana, \$398,000,000; in Illinois, \$620,000,000; in Wisconsin, \$250,000,000; in Michigan, \$350,000,000; in Iowa, \$351,000,000; and statements were made for other States. The Ohio and Michigan bureaus of statistics of labor undertook to investigate this subject, through the offices of the registers of deeds, the boards of assessors, etc., and in these two States the mortgage indebtedness, as established and estimated by the commissioners of labor, was for Ohio \$330,999,205, and for Michigan, \$129,229,553, instead of the amounts popularly claimed. Under the Federal Census of 1890 an investigation was made relative to mortgage indebtedness, and the facts established with remarkable accuracy for the other States just named. By the investigation of the census it was shown that in Indiana the mortgage indebtedness is \$110,730,643; in Illinois, \$384,299,150; in Wisconsin, \$121,838,168, and in Iowa, \$199,774,171. It is a little remarkable that the sums accepted in a popular way for the mortgage indebtedness of the States named were in some instances exactly the valuation of all the property of the State. The extravagant figures quoted were used all over this country and in Europe, wherever capitalists were seeking investments in this country. The figures did immense harm; the wrong can not be calculated; but as time goes on the statistics emanating from bureaus of statistics of labor and from the Census Office are removing the apprehension which grew out of the original statements.

Another feature relative to mortgages relates to the causes for which mortgages are placed upon farms in the Western country. It has been claimed in recent years that the great mortgage indebtedness of Western States is due largely to disaster or adversity. The commissioner of labor of Nebraska undertook to satisfy himself, by positive investigation, as to the truth or falsity of such claims, and he took as the territory for his investigation the county of Sarpy, covering the period from December 31, 1879, to January 1, 1890. Sarpy is one of the oldest counties in Nebraska, and it therefore offered the best opportunities for investigation in that State. The result, as to the causes for the creation of the mortgage indebtedness of the county, is shown in the following statement, taken from Commissioner Jenkins's report for 1889-90:

	Per cent.
Purchase money	58
Permanent improvements	3
Purchase of stock	4
To meet personal obligations5
To invest in real estate	7
To invest in mercantile business	20
Sickness25
Unknown causes	7.25

Allowing that all the mortgages from sickness and from unknown causes were the result of misfortune or of adversity of some kind, the foregoing table shows that 92½ per cent were for legitimate causes, and such causes as indicated prosperity rather than adversity.

The investigation under the Eleventh United States Census compre-

hends the object of indebtedness for 102 selected counties in several States, the results being obtained by personal inquiry through the experts of the office. That investigation is a clear and emphatic corroboration of the results arrived at by Commissioner Jenkins of Nebraska. It shows that to legitimate objects, indicating clearly prosperity and advancement, 94.37 per cent of all the mortgage indebtedness of the 102 counties considered must be attributed.

The convict-labor question is one that has attracted a great deal of attention during the last quarter of a century, but it was not until various State bureaus and the United States Department of Labor collected exhaustive statistics relative to productive employments in penitentiaries and other penal institutions and showed the effect of different systems of employing convicts that the discussion took intelligent shape. There has been much reform along the lines of convict labor. Many States have made experiments which have been abandoned, while others have established new systems which are progressing favorably. In the whole work the contributions of labor statistics have been of the greatest possible value.

The advancement of technical science, too, has been greatly accelerated by the exhaustive publications of different departments and bureaus of statistics of labor relative to industrial education. It is only recently that the different States of the Union have felt it incumbent upon them, through their legislatures, to study all the phases of industrial training, consisting of manual training, trade-school instruction, and the higher technological or university work which is done in our institutes of technology. The United States Bureau of Education has aided the discussion and consideration of such matters, and its work has been grandly supplemented by the State bureaus and the United States Department of Labor. It is now possible to discuss the question of industrial education in all its phases not only intelligently, but on the basis of practical experience in this and other countries.

These few instances show the enormous value of statistics in removing apprehension and in correcting erroneous views. The money value of such information is not easy to calculate.

In September, 1883, the heads of the few bureaus of statistics of labor then existing met at Columbus, Ohio, and organized the National Convention of Chiefs and Commissioners of Bureaus of Statistics of Labor. Since then these officials have met annually for the purpose of discussing statistical methods and the best way of collecting information and of tabulating, analyzing, and presenting it. It was one of the early dreams of the founders of this convention that some uniform contemporaneous work could be undertaken by all the bureaus in cooperation, but this dream was fraught with many difficulties. States did not organize their bureaus at the same time. Many of the subjects which had been covered by those organized at early dates formed the subjects of investigation of those which had been established at later dates, and hence there was a conflict; for the earlier bureaus did not wish to cover again what was new and important to the more recently established ones. Another difficulty arose in the fact that the industries and conditions of one State were not common to all States having bureaus of statistics of labor. Notwithstanding the fact that the original idea has not been and can not be carried out, the convention has been of the greatest possible value to the different States. At each annual meeting each

commissioner of labor reports the investigations he has in hand, the methods he has adopted for obtaining the information desired, and all the difficulties and complications attending his work. These matters are then discussed and the experience of older commissioners brought out for the benefit of those who have more recently come into the work of gathering statistics of labor. Thus great advantage is given to even the older commissioners to gain fresh inspiration from the troubles and difficulties of those who are new to the work. The convention also helps to call public attention not only to the value, but to the methods, of the work being conducted.

Notwithstanding all that I have said relative to the value and influence of the statistics of labor, I am perfectly well aware that they could be made of far greater value; but that greater value can only be secured through the direct action of the legislative bodies behind the bureaus. They are very poorly equipped. They need more men and more money. They need experience, which can only come through the influence of the executives of the States. With a longer tenure of office and an increase in the equipment and means of the bureaus, their future usefulness can be made to far excel that of the past and of the present. The lines of work which they can undertake are numerous and inexhaustible. Knowledge of production is absolutely essential for the adjustment of many of the difficult questions we are facing to-day, and any contribution through statistical investigation or otherwise that will enable both the capitalist and his employee to more clearly understand the real conditions of production should be welcomed by all elements of the community. The bureaus must be kept in the future, as in the past, free from partisanship. The statistician is not a statistician when he is an advocate, no matter how skillful he may be in the manipulation of figures. He must be impartial, he must make his investigations without any reference to theories to be proved or disproved, and give to the world the actual results of his inquiries. This country lacks trained statisticians. We have no means for training them, except in the practical work of the statistical offices of the State and Federal governments. These offices, therefore, become a school for the future, and the statisticians of this country that are to be of great service to the governments must acquire their knowledge through the statistical offices; but no work can be accomplished successfully without money and without men. We must look therefore to the legislative branches of our various governments for the increase of the usefulness and for recognized influence of our bureaus of statistics of labor.

FRIDAY, *March 28, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

STATEMENT OF GOVERNOR L. BRADFORD PRINCE, OF NEW MEXICO.

Mr. Chairman, and gentlemen of the committee, Mr. Bunker, of California, and myself were appointed as delegates of the Trans-Mississippi Commercial Congress, held last summer, and were appointed to

present to the committees of the United States Congress at the present time resolutions of that commercial congress on certain subjects in reference to this matter of the Department of Commerce.

The resolution passed is very brief, with certain preambles with which I will not trouble you. It reads:

Resolved, That we again urge—

Because that was the second time that the Trans-Mississippi Commercial Congress took action.

upon the United States Congress to speedily provide for the establishment of a new department to be known as the Department of Commerce, with representation in the Cabinet, in order that the great commercial interests of the people shall have the benefit of governmental attention and cooperation.

It is perhaps proper to say to those who may not know that the Trans-Mississippi Congress is a representative body, which includes in its membership the representatives of all the commercial bodies west of the Mississippi River in the 18 States and all the Territories between the Mississippi and the Pacific Ocean, as well as representatives of the States themselves appointed by the governors of those States.

This was its twelfth annual session, and I think it is not an exaggeration to say that it is the most important body of that kind west of the Mississippi, because it represents all of the commercial organizations that are in that part of the country.

This resolution is in favor, you will observe, of a Department of Commerce, and it is proper to say, I think, that that was advisedly and intentionally worded in that way.

The resolution, as originally introduced, was for a Department of Commerce and Industries. The Trans-Mississippi Congress, including in its territory as it does the mining part of the country, I am very much in favor of the establishment of a Department of Mines and Mining, and in the passage of this resolution they eliminated the words "and Industries," preferring that this Department should be solely, simply, and entirely a Department of Commerce; and that, I think, represents the feeling of that body—that this Department should be a Department of Commerce exclusively, that great branch of national industry being, as we conceive, of sufficient importance to have a department of its own, and that other branches should be represented in other ways, and we trust there will be a Department of Mining, and if not now in due time, as we look upon that as one of the greatest industries in the country.

That is all I have to say in bringing before you this resolution.

The CHAIRMAN. Was there any discussion in that Congress as to the details of a bill as to what bureaus and divisions now organized or that might be organized should be parts of this department?

Governor PRINCE. Well, in the course of the two sessions, the one of 1900 and the one of 1901, in which this matter was considered, there was more or less discussion, but it was more particularly on the subject of including this subject of mines and mining than on other topics.

The CHAIRMAN. But that was excluded.

Governor PRINCE. That was excluded; there was nothing with regard to the labor matter which has been before this committee.

The CHAIRMAN. Is it your impression from what you heard there that the sense of that meeting would be in favor of a Department of Commerce, eliminating the labor question and all matters pertaining to labor from the bill?

Governor PRINCE. That is the impression I have, sir, from the discussions. We had representatives there, all the leading commercial bodies from San Francisco to St. Louis, and they were exceedingly anxious for the establishment of this Department of Commerce, but purely, as I understood it, as a Department of Commerce. If I am wrong in any of these things I will be very glad if Mr. Bunker, who represents the San Francisco Chamber of Commerce, will correct me.

STATEMENT OF MR. WILLIAM M. BUNKER, OF SAN FRANCISCO.

Mr. Chairman and gentlemen of the committee, I corroborate all the statements made by Governor Prince regarding the action of the Trans-Mississippi Commercial Congress.

I attended the session, was a member of the committee on resolutions, and I know that during our meetings the question of establishing a Department of Commerce was quite thoroughly thrashed out, and it was very decidedly the impression there, I may say the unanimous impression, that there should be no Bureau of Mines and Mining associated with the Department of Commerce, the theory being that the man who would be best equipped for the management of a Department of Commerce would not understand what was best in the way of mining, in the way of mining legislation, in the way of mining control and mining direction.

I would like to pass now from my representation of the Trans-Mississippi Commercial Congress to my position as representative of the San Francisco Chamber of Commerce, which has indorsed the plan for forming a Department of Commerce; and I wish to say in that connection that the Chamber of Commerce desires that the Department of Commerce be confined to commerce, and that so far as mining is concerned, so far as the labor question is concerned, it would be better pleased to have those eliminated and have those under a proper department.

The CHAIRMAN. Do you think it would be wise to have a department representing each one of the great industries of this country, as, for instance, a Department of Mines, a Department of Commerce, a Department of Labor, and certain other subordinate divisions of the great interests of the country, to have each of them represented by a Cabinet officer and each of the heads a member of the Cabinet?

Mr. BUNKER. I have not considered that matter in that shape. I have simply considered it so far as it bears on commerce itself, and my only answer to that is that the man who is fitted to direct a Department of Commerce, which seems essential, is not adapted to the management of mines and mining and labor.

It would seem to me by reason of our growing commerce, by reason of the fact that with the increase of maritime activity already known and already promised it would be impossible for a man to pay proper attention, it would be impossible for any one man to comprehend all the various elements that would go to make up a department including commerce, mining, and labor, for the reason that all three of these interests are constantly expanding. But I am dealing more directly with the sole proposition of the Department of Commerce. That is to say, that commerce is growing more rapidly than any other department, and, if we are to hold our own in the world, it will grow more rapidly, because there is bound to be an increased transporta-

tion, and we now hold the markets of the world because we produce better and cheaper articles; but the time will come when the question of transportation will be much greater than it is to-day.

That is my impression after traveling around the world and studying the ports of the Orient, and studying the ports of Europe, and seeing that transportation is the key of the situation.

The CHAIRMAN. In your judgment, then, should the subject of transportation be included in the various divisions of the Department of Commerce?

Mr. BUNKER. Certainly; marine transportation, most assuredly. I should consider that marine transportation is one of the essentials.

The CHAIRMAN. Why not interstate commerce, then?

Mr. BUNKER. Because I am dealing more particularly with foreign commerce.

Mr. TOMPKINS. You believe in a ship-subsidy bill, then.

Mr. BUNKER. I believe in a ship-subsidy bill; yes. I believe, after seeing that Great Britain, with respect to China, controlled, I think, about 50 per cent of the foreign trade in 1898 or in 1899, and about 53 per cent of the carrying tonnage, it occurred to me in all my travels that transportation is the key to the commercial situation, and if to-day we had the reasonable, cheap transportation which is bound to come with the increase of tonnage, reasonably cheap transportation on the Pacific, we can control the trade over there much more easily than any other country.

The idea is that they need our food stuffs. The other countries have done everything that they can do in the way of giving subsidies. I think they have played their last card, so to speak. With the increase of our tonnage, which is bound to come, which is absolutely essential, I am satisfied that the department of commerce, which deals with commerce only, will have all it can take care of.

Mr. COOMBS. You represent commercial bodies, do you not?

Mr. BUNKER. Yes, sir.

Mr. COOMBS. You are acquainted with all the commercial men of, say, San Francisco?

Mr. BUNKER. I should say so.

Mr. COOMBS. You know what the trend of thought is among the individuals and collectively in these organizations, do you not?

Mr. BUNKER. The commercial organizations; yes, sir.

Mr. COOMBS. You have heard them talk. Now, is not this idea of a department of commerce considerably in the direction of extending our foreign trade, making reciprocal arrangements with the nations for that purpose, and very little with the idea of domestic development?

Mr. BUNKER. The theory in San Francisco, perhaps due to its position, perhaps due to its isolation and the fact that it faces the Orient and deals largely with marine affairs, the theory there is undoubtedly and overwhelmingly that the foreign commerce is the one great desirable feature of a Department of Commerce.

Mr. COOMBS. Do you not think that any department referring entirely to the internal affairs of the Government would get jammed if it got in this department as a bureau? Do you not think it would be subordinated to the interests of the development of foreign trade?

Mr. BUNKER. You are asking me a little more than I may be able to answer. I can answer that in another way.

Mr. COOMBS. I am asking you what the ideas of the commercial bodies with which you are familiar are.

Mr. BUNKER. The idea of the commercial bodies is, what we are after now is foreign trade, foreign commerce. What we need for the development of the Pacific coast more particularly is foreign commerce. From our point of view, from the point of view of the San Francisco merchant, it is all that the Department of Commerce can do to safeguard that particular interest. If any more work is given it that work will be attempted to the prejudice of foreign commerce.

Mr. COOMBS. Would expect to take in the consular service? That is an important factor, is it not, in the development of foreign trade?

Mr. BUNKER. I should think that would be one of the features. The consular service is becoming more and more a business proposition, and I should assume that that was naturally one of the features of the department.

The CHAIRMAN. In discussions that you have had and have heard upon this subject, what is the consensus of opinion as to the manner in which this department should operate; what would it do in the way of extension of our foreign commerce?

Mr. BUNKER. It would acquire and disseminate intelligently, systematically, practically, and on a business basis, the information calculated to stimulate and promote foreign commerce, more particularly.

The CHAIRMAN. What would be its methods of acquiring that information?

Mr. BUNKER. It would primarily, perhaps, acquire that information through the reports of consular officers and through the reports of agents, perhaps, who would be practical men. I say practical men as against mere politicians. I say practical men because they would be men experts in their own line, who would acquire definite, reliable information, and show wherein we could reap certain advantages from certain situations.

The CHAIRMAN. They would acquire that information through travel, through personal observation in foreign countries?

Mr. BUNKER. Through travel, through personal observation, and through such other methods as might be deemed advisable.

The CHAIRMAN. Well, when fully equipped, what would be the staff of the Secretary in that line? Give us some idea of the number of persons and the compensations that would be paid them.

Mr. BUNKER. I have not gone into those details and really I should hesitate to offer any advice or suggestions on that line, because I have never considered the question from that point of view. The only way that I have looked at that question has been largely through personal observation in various parts of the Orient and in various parts of Europe.

The CHAIRMAN. Following out that line of thought, every country, of course, should be visited by one or more of these intelligent agents?

Mr. BUNKER. Yes.

The CHAIRMAN. Would it be necessary that every great line of industry should have its representative in each of the countries, as, for instance, the industry in metals, the industry in textiles?

Mr. BUNKER. I should think that would be one of the most direct methods of proceeding, because there is nothing that is so necessary, nothing that is so educational in its character and scope, as in a direct application.

The CHAIRMAN. Well, a man thoroughly familiar with metals from their manufacture, our markets, our possible output, would not nec-

essarily know anything at all about kindred subjects in textiles, would he?

Mr. BUNKER. No.

The CHAIRMAN. Then there would be an imperative necessity for having each one of the greater industries represented as, for instance, metals, agriculture—

Mr. BUNKER. I should think that would be a very good plan.

The CHAIRMAN (continuing). Farming implements. Would not they be an exceedingly expensive aid to commerce?

Mr. BUNKER. Not necessarily.

The CHAIRMAN. They ought to be men thoroughly versed in their business, and therefore men fit to command good salaries. I am assuming that you have given thought to this matter and have studied it in its parts. The committee want practical suggestions. Take, for instance, Great Britain. In your judgment, how many men in all that pertains to our metal industries should be charged with getting this needed information in Great Britain?

Mr. BUNKER. I have not gone into that detail.

The CHAIRMAN. You have traveled extensively in China and Japan?

Mr. BUNKER. China and Japan and across Siberia.

The CHAIRMAN. Then have you any idea of what should be the number of persons deputed in this particular business in the Empire of China?

Mr. BUNKER. I think a very few. It is not the number. There are three or four large interests to cover.

The CHAIRMAN. You say you have detailed information upon that subject?

Mr. BUNKER. I have never considered it on that line. I have simply considered the necessity of safeguarding that foreign commerce, the advantages to be derived directly, and the fact that that commerce is bound to increase, not only because of our controlling the markets to a large extent to-day, but because of the increased tonnage that is now accumulating and the promise of a further great increase.

I have no other suggestion, and I am very much obliged to you gentlemen.

STATEMENT OF MR. JOHN W. HAYES, GENERAL SECRETARY OF THE KNIGHTS OF LABOR.

Mr. HAYES. Mr. Chairman and gentlemen of the committee, I come here to represent the order of the Knights of Labor in connection with the bill under discussion, and to say that in so far as the gentleman who spoke in connection with the labor organizations of the country is concerned we approve of everything he said in relation to a Department of Labor pure and simple, if such a thing were possible. I am of the opinion that at least during my time there will never be a Department of Labor. I am very firmly convinced of that, and I am very firmly convinced that this Congress will not give us a Department of Labor.

It was argued on the outside, and I think on the inside while the bill was under discussion in the Senate, that a great deal of political capital could be made out of the introduction of a bill that had for its object a Department of Labor pure and simple. The labor organizations of the country are somewhat business institutions nowadays.

There are Republican labor organizations and there are Democratic labor organizations. There is no getting behind that fact. And they could not be united to oppose the party who opposed a Department of Labor or favor the party who favored a Department of Labor. There is no questioning that fact. There is not power enough in all the labor representatives of this country combined to unite the labor organizations in favor of one or the other.

The window-glass industry of the United States is connected with the Knights of Labor. They believe in a tariff on glass, and it does not make much difference to them what other interests there are at stake so long as they get a tariff on glass. There are other labor organizations connected with the Knights of Labor that do not believe in tariffs at all, and when the great question between the two great parties comes up they go back to their old parties and fight the campaign on local issues as far as the election of members of Congress is concerned. The Knights of Labor originated the idea in connection with this department, as it is to-day, in the convention of the order in 1888, I think it was; but to be accurate about the matter I have a copy of our journal with my letter to the members of the Senate in it, giving the date and the page of our proceedings, showing that our general master workman recommended that we agitate and apply for a department of labor. That recommendation was referred to the legislative committee, composed of five or seven members of the general assembly, and they approved of it. It was by this committee and by the general body referred to the general legislative committee at Washington, and the Labor Committee, of which John J. O'Neill was chairman, gave us the present bill. It was nothing like we ought to have, but it was all we could get, and we were satisfied for the time being.

That bill did not and does not give any power to the Commissioner whatever. It allows him to cool his heels, if I may use a vulgar expression, on the outside, while the Cabinet members are discussing questions affecting labor. He can not get in. He can buttonhole them the same as we can buttonhole a member of Congress and try to make them give him as much information as possible, and that is right, that is proper, and he may, from the position he holds, get a little closer to a member of the Cabinet than we can. That is not saying very much. I regret that I was not here the first day of the hearings. But yesterday I listened to the gentleman who represents the railway interests of the country—I mean the workingmen of the railroad interests—and I want to say without fear of successful contradiction that that same argument will be given to every member of this committee and every person who visits one of the attachés of the Labor Bureau, either in the office or in the field.

It is the same argument we have heard for twelve or fourteen years. We above all other organizations in this country have watched, and, to a very great extent, manned the Labor Bureau. We know what its shortcomings are. We do not attribute all of the shortcomings to the Commissioner. The bill does not give him any power. It allows him to investigate certain matters and present them to the President.

MR. DAVIS. You mean the present law?

MR. HAYES. Yes; I mean the present law. It does not permit him to recommend, and I know from personal knowledge that the field work is not collected. I can name—but it would discharge the man—the man who collected statistics for Harrisburg while located in a

hotel at Philadelphia. And these matters have been already published in our journal, for twelve years, always with the attention of the Commissioner directed to them. Not much headway has been made because he simply has no power.

I listened also with much attention to the argument of Mr. Fuller in connection with the commission appointed to investigate the settlement of the Chicago strike. Mr. Fuller is young in this movement, especially around Washington, and I think, if I am not stretching it a little too far, that the organizations which he represents have gone out of the field of labor organizations and gone into that of insurance organizations almost entirely. However that may be, the governor of Illinois, the late John P. Altgeld, the mayor of the city of Chicago, J. P. Hopkins, and the president of the American Railway Union, Mr. Eugene Debs, at the time conferred upon me personally full authority to visit Mr. Cleveland and urge that commission. I did so in company with Senator Kyle, one member of Congress (Mr. McGann, of Chicago), and three members of our organization. After several hours with the President we finally got the consent that this commission would be appointed. But it took them fourteen days after the day he met with us before the commission was appointed, and the effect of the commission which we intended to have upon the strike had failed.

If the Department of Labor had authority it would not be necessary for us to ask Mr. Wright or anybody else to go there. The railroad associations of the United States, as centered in Chicago, would not have dared to have blacklisted and burned up cars as charged and then charge it to the men.

If we had had a Department of Labor with power, such as a Cabinet officer would have, it would not have been necessary for us as the representatives of the organizations at that time to specially plead with Congress to give us a committee of seven to go down to the Southwest strike and save the East St. Louis bridge from destruction, which the Congressional committee at that time did in 1884. It would not have been necessary for us to have taken a committee to Pennsylvania when the Reading troubles took place in 1887 and 1888. We would have gotten some consideration from a Cabinet department.

I do not quite agree with the men who say that we can not get good men in the Cabinet simply because they are capitalists or represent business interests. At least I feel, and my intercourse with them for the past fifteen or seventeen years has been such as to make me feel, that these gentlemen are mistaken in their idea about that. I have received kind and courteous treatment at the hands of every Cabinet officer, with possibly one or two exceptions, and I do not know whether the fault was theirs or mine. And I say now if this Department is created and it comes from the Senate with a Cabinet officer who will have power to do exactly what we expect the Labor Department to have power to do now—but it has not power to do now—he will not dare render unjust opinions to labor, because on that occasion the organizations of the country would combine, and that is one of the occasions they would combine. Public sentiment is a very serious factor in this country, and we would trust public sentiment to a very great extent in that matter.

For that reason I am strongly of the opinion that we ought to have this Department of Labor just as it comes from the Senate. If there is

any hope in the future for a Department of Commerce pure and simple, we can very readily advance it a step sooner than take it out of the rut it is in to-day, if we once get it where we expect to get it by the vote of this committee and the vote of Congress.

Now, that is in brief our view on this Department. I do not think that Mr. Fuller properly stated the matter yesterday, because in his report of his own organization, and this is the March issue of their journal, he stated that he protested against the Department being made a Department of Commerce and Labor, and then he writes over his signature, on page 390:

On January 7 the bill was up in the Senate for consideration, and Mr. Nelson, of Minnesota, presented a protest from the Knights of Labor against including the Labor Department in the bill.

The average railroad man reading that would imagine that we are on that side of the house. Well, we are not.

Mr. TOMPKINS. You are in favor of the bill under consideration?

Mr. HAYES. Yes, sir. We are in favor of the bill that comes to us from the Senate, for the reason that it gives us one step in advance of what we have had for twenty years.

Mr. Gompers, in presenting his letter, and this is a report for March, simply said his letter was read and created considerable discussion, after which the Department of Labor was added; and he dropped it at that. The United Boot and Shoe Workers' Organization of the United States—that is a part and parcel of the American Federation of Labor—says in its last issue, and I took occasion to copy it:

The Boston Herald suggests Carrol D. Wright as a fit man to be given charge of the department of commerce and labor. It is a queer nomination. Mr. Wright has had a legal training, but no training to speak of in either commerce or labor. By a good many Mr. Wright is considered to possess some ability at twisting statistics to make them appear as if they proved unreasonable propositions, which he supposes are approved either by those who employ him or other parties whom he desires to toady to. It is suspected that he arrives first at his conclusion and then proceeds to so arrange his figures so that they will correspond.

Mr. DAVIS. What organization do you represent?

Mr. HAYES. I represent the Knights of Labor, that has very nearly 7,000 members in your own territory, the lumber people of Florida, with headquarters at Pensacola.

Mr. RICHARDSON. In that letter you read from Mr. Fuller just now in which he stated that he protested against labor being included in this department, did he claim to represent you also?

Mr. HAYES. No; I should hope not, not in that position.

Mr. RICHARDSON. He represents his own organization in that protest?

Mr. HAYES. Yes; he represents his own organization; but in his report to the locomotive firemen in the letter over his own signature, which I quoted from, he makes it appear as if—whether it was intentional or otherwise—we protested before the Senate against including the Department of Labor in this bill, while, on the other hand, we favored it, and we now favor it very strongly. We can get no consideration whatever from the Congress without buttonholing nearly every member. They will pass resolutions and send them up to the Department of Labor to get statistics that do not affect us one way or the other, and the employees who are supposed to be on the side of labor are collecting statistics on divorce and other matters—

Mr. RICHARDSON. Do you believe that including labor in this Department of Commerce will tend in any way in the world to facilitate the

desire you have, and that you so earnestly express to secure a separate Labor Department with a Cabinet seat?

Mr. HAYES. If it does not it will give us a good many steps in advance of what we have got, and if there is an opportunity to secure a Department of Labor we will be in a better position to secure it in the future, unless it becomes a law, than we are at the present time. We have no earthly opportunity now.

During the late strike of the steel workers the present Cabinet, with Secretary Gage at its head, was connected night and day by telephone with New York; and you know of their efforts to settle that strike. Whether their object was its political effect or not does not enter the question with me. The fact is if we had had a representative in the Cabinet whose duty it would be to represent labor we would have gotten some consideration from that.

Mr. RICHARDSON. If you have that opinion of the President's Cabinet officers, why is it that you have any confidence in any Secretary that would be put in there in charge of the Department of Commerce and Labor?

Mr. HAYES. I want to say that I believe that if a Department of Labor was created we would be subject to the same choice from the President, and we would never get a pure and simple labor representative in the Cabinet. I do believe we can get just as much consideration from a Cabinet officer, no matter who he is, with the public eye on him to-day as we can from a labor representative, and I am willing to trust my case—at least I have for a great many years—and the case of our organization to any of the principal officers of our Government. We have gotten pretty fair treatment. We have no reason to complain. At times, I say, they have treated us harshly, but I fancy that it was our fault once or twice, and it may have been their fault once or twice. I remember under Charley Foster we did not get very good treatment at first; but he, like other people, got his eyes opened. We have no fault to find with them now.

I am willing to trust the case of the labor organizations of this country, at least the members of the labor organizations who believe in this, to any Cabinet officer the President will appoint. His administration depends on the proper treatment of the labor people that come before him. If any labor representative comes before him he will get fair treatment; they would not dare give him otherwise; but as it is to-day we get nothing. That is the fact, gentlemen. That is about all I have to say on it.

The CHAIRMAN. Will you not give us your idea of how the particular interests you represent would be promoted in case this bill passes, or in case there should be a Department? Explain, if you please, how it would operate beneficially upon this great class that all people should be interested in.

Mr. HAYES. Well, all of the departments of labor now that are scattered around, like the Bureau of Immigration, that are scattered around in the different departments, could be brought under this Department and an Assistant Secretary or some person qualified to act in the particular departments, instead of having them separated, as they are now—brought under one head. The Assistant Secretary, the chief, or whoever would have charge of a particular line, would report to the Cabinet officer, as they are doing now in other departments, and they would carry it in, and all questions affecting the interests of

labor would be discussed at the Cabinet table. They are not so discussed now officially. In that sense it would benefit us, in the sense that we could rely more securely upon the statistics that are collected.

I want to say, gentlemen, that I have a book in my safe now that was issued in 1888 by the Department of Labor, and I have another book that was issued a week after that, and they are both No. 18, and they are both bulletins of labor; and the only excuse for issuing the second one was that the first one was an error. Yet the first one shows two tables complete, of about 12 pages, where the wages increased in all of Europe, with one exception, and the increase of wages was based upon a percentage, while the new issue eliminates all those tables entirely and makes two instead of four—well, I can not tell you the number of pages, but quite a number of them, I think 8 or 10—and bases the wages on a percentage of so much a day instead of a percentage on the wages. And when questioned about it they say it was an error.

Yet that document was used in the campaign of 1888 broadcast. Now, the difficulty in that matter is this: That the people who collect the statistics can not get them accurate; they can not send for persons and papers; they have to beg the people to give them the statistics.

Mr. RICHARDSON. You say that document was used in the campaign to mislead and deceive the public?

Mr. HAYES. Yes.

Mr. RICHARDSON. Where was it used and by whom?

Mr. HAYES. It was used in the campaign.

Mr. RICHARDSON. Well, by whom; by what political party?

Mr. HAYES. I am not going to discuss politics; I am only giving you the facts.

Mr. RICHARDSON. You said it was used to mislead and deceive the public—

Mr. HAYES. There is the fact, gentlemen, and they are in existence, and there is no use in raising the question on it, as far as I am concerned; I am only giving it to you as it comes to me. I am not going to take a stand in favor of either political party in connection with this matter.

Mr. RICHARDSON. I understand that; but you, without being solicited, stated that that misleading and deceptive matter was used publicly in this country for the purpose of misleading and deceiving the people on that very important question, and that it was used in the campaign. Now, I ask you where it was used, and who used it, and what political party used it, because that fact ought to be known.

Mr. HAYES. Quotations from it were in the Time Magazine, of Chicago, I think it was, in 1898; the Journal of Sociology, in July, 1898; the Philadelphia Inquirer, Sunday, January 9, 1898; the files of the North American for May, 1901; the Chicago Democrat, October 29 and 31, 1898. And I want to say in connection with that article particularly that the Chicago Democrat took the statistics of the bulletins at that time and compared them, because they referred to the city of Chicago—they were taken from principal cities, I believe, and Chicago was one—and proved that the carpenters and blacksmiths and a number of others as reported in the bulletin were not correct, as reported by the investigation made in Chicago.

In saying that, I do not blame Mr. Wright to that extent. I say it is simply impossible under the present method to collect correctly the

statistics. You can not get them; you have to beg and coax a man in order to get them. You go to a man's office and he takes you into his office and he gives you as much information as he chooses, and in order to get what you want you have to beg him for it.

Mr. DAVIS. You state the extracts were in those papers. You do not state whether they were given approvingly or disapprovingly.

Mr. HAYES. They were given disapprovingly. Nearly every one of the quotations I have mentioned was criticising the bulletins.

Mr. DAVIS. Then they were not used for the purpose of misleading?

Mr. HAYES. On the other hand, they seem to have been corrective. I make that statement. They said that they were in error, yet, notwithstanding that fact, copies got out, and the copies and information were circulated. So, if we had some way of getting proper statistics there would not be any such errors as that. We would at least have somebody to supervise them.

I do not believe, in justice to Mr. Wright, that he supervises anything. I think the chief clerk does the business, and that is the difficulty.

Any man who goes there and talks with them generally gets the same story—practically the same statement that seems to be made out properly by this gentleman who spoke yesterday. I have heard it a hundred times, and it appears to me as if it is written by Mr. Wright or Mr. Wright's clerk, or just exactly like it. And, Mr. Chairman, we have followed this Bureau from its foundation to the present time. These gentlemen come into it to-day, not eight or ten years ago, and when the statement is made that the labor representatives of these organizations passed this bill that statement is not true. We have been waiting all these years. The record I have given to the gentleman quotes the page, and I will give your clerk the proceedings to copy correctly from, showing exactly the position we have taken on this matter.

Now, let the gentlemen who want facts put in produce the records of their own organization showing where this matter has been considered only within the last very short period.

Now, I trust you will give us this department as it comes from the Senate. We do not know anything about your Commerce Department. You make that to suit yourselves and suit those who come here to be represented, but we do believe if we get this thing here we will get nearer to the Cabinet position than we will ever get again. That is the only thing there is to it?

I am much obliged to you, gentlemen, for your attention.

STATEMENT OF MR. H. R. FULLER, REPRESENTING THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS, THE BROTHERHOOD OF LOCOMOTIVE FIREMEN, THE ORDER OF RAILWAY CONDUCTORS, THE BROTHERHOOD OF RAILROAD TRAINMEN, AND THE ORDER OF RAILROAD TELEGRAPHERS.

Mr. FULLER. Mr. Chairman and members of the committee, I have a credential here showing whom I represent, a copy of which I will leave with the committee.

CLEVELAND, OHIO, December 2, 1901.

To whom these presents may concern, greeting:

This is to certify that the bearer hereof, Mr. H. R. Fuller, whose signature appears below, has been duly chosen to serve as the representative of the above-named

organizations at Washington, D. C., during the sessions of the Fifty-seventh Congress, in matters pertaining to national legislation.

P. M. ARTHUR,
Grand Chief Engineer Brotherhood of Locomotive Engineers.

F. P. SARGENT,
Grand Master Brotherhood of Locomotive Firemen.

E. E. CLARK,
Grand Chief Conductor Order of Railway Conductors.

H. B. PERHAM,
President Order of Railway Trainmen.

I wish to say first that I desire it to be understood by the committee that I do not come here to oppose any of these bills creating a Department of Commerce; but I come here to oppose all provisions which may appear in any of them, which seek to put the present Department of Labor under this new proposed department. This is my prime motive, but I want to say, however, in addition to this, that I wish to urge upon the members of the committee the necessity of also giving labor a distinct and separate place in the President's Cabinet, free from any other department whatever. I listened here yesterday to the friends of this bill, and was very much interested in what they said, and I want them to thoroughly understand my position. We are not here opposing their bill in the least.

We have some reasons, general and specific, for not wanting this bill to include the Department of Labor.

I will submit, with the permission of the chairman of the committee, a copy of the original law creating a Bureau of Labor which was passed in 1884 and was brought about through the influence of organized labor. The credit for this can be given to the Knights of Labor, which was then the strongest organization in the country; and after the Bureau had been created and had remained under the Department of the Interior for about four years this same influence brought about the enactment of a law which made it an independent Department, and it has remained so ever since. I have copies of both of those laws, which I will give to the committee.

[Chapter 127.]

AN ACT To establish a Bureau of Labor.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be established in the Department of the Interior a Bureau of Labor, which shall be under the charge of a Commissioner of Labor, who shall be appointed by the President, by and with the advice and consent of the Senate. The Commissioner of Labor shall hold his office for four years, and until his successor shall be appointed and qualified, unless sooner removed, and shall receive a salary of three thousand dollars a year. The Commissioner shall collect information upon the subject of labor, its relation to capital, the hours of labor, and the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity. The Secretary of the Interior, upon the recommendation of said Commissioner, shall appoint a chief clerk, who shall receive a salary of two thousand dollars per annum, and such other employees as may be necessary for the said Bureau: *Provided,* That the total expense shall not exceed twenty-five thousand dollars per

annum. During the necessary absence of the Commissioner, or when the office shall become vacant, the chief clerk shall perform the duties of Commissioner. The Commissioner shall annually make a report in writing to the Secretary of the Interior of the information collected and collated by him, and containing such recommendations as he may deem calculated to promote the efficiency of the Bureau.

Approved, June 27, 1884.

[PUBLIC—No. 135.]

AN ACT To establish a Department of Labor.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be at the seat of Government a Department of Labor, the general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected with labor in the most general and comprehensive sense of that word, and especially upon its relation to capital, the hours of labor, the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity.

SEC. 2. That the Department of Labor shall be under the charge of a Commissioner of Labor, who shall be appointed by the President, by and with the advice and consent of the Senate; he shall hold his office for four years, unless sooner removed, and shall receive a salary of five thousand dollars per annum.

SEC. 3. That there shall be in the Department of Labor, to be appointed by the Commissioner of Labor: One chief clerk, at a salary of two thousand five hundred dollars per annum; four clerks of class four, all to be statistical experts; five clerks of class three, one of whom may be a stenographer; six clerks of class two, one of whom may be a translator and one of whom may be a stenographer; eight clerks of class one; five clerks, at one thousand dollars per annum; one disbursing clerk, who shall also have charge of accounts, at a salary of one thousand eight hundred dollars per annum; two copyists, at nine hundred dollars each per annum; two copyists, at seven hundred and twenty dollars each per annum; one messenger; one assistant messenger; one watchman; two assistant watchmen; two skilled laborers, at six hundred dollars each per annum; two charwomen, at two hundred and forty dollars each per annum; six special agents, at one thousand six hundred dollars each per annum; ten special agents, at one thousand four hundred dollars each per annum; four special agents, at one thousand two hundred dollars each per annum, and an allowance to special agents for traveling expenses not to exceed three dollars per day while actually employed in the field and outside of the District of Columbia, exclusive of actual transportation, including sleeping-car fares; and such temporary experts, assistants, and other employés as Congress may from time to time provide, with compensation corresponding to that of similar officers and employés in other departments of the Government.

SEC. 4. That during the necessary absence of the Commissioner, or when the office shall become vacant, the chief clerk shall perform the duties of Commissioner.

SEC. 5. That the disbursing clerk shall, before entering upon his duties, give bond to the Treasurer of the United States in the sum of twenty thousand dollars, which bond shall be conditioned that the said officer shall render a true and faithful account to the Treasurer, quarterly, of all moneys and properties which shall be by him received by virtue of his office, with sureties to be approved by the Solicitor of the Treasury. Such bond shall be filed in the office of the First Comptroller of the Treasury, to be by him put in suit upon any breach of the conditions thereof.

SEC. 6. That the Commissioner of Labor shall have charge in the building or premises occupied by or appropriated to the Department of Labor, of the library, furniture, fixtures, records, and other property pertaining to it or hereafter acquired for use in its business, and he shall be allowed to expend for periodicals and the purposes of the library, and for the rental of appropriate quarters for the accommodation of the Department of Labor within the District of Columbia, and for all other incidental expenses, such sums as Congress may provide from time to time.

SEC. 7. That the Commissioner of Labor, in accordance with the general design and duties referred to in section one of this act, is specially charged to ascertain, at as early a date as possible, and whenever industrial changes shall make it essential, the cost of producing articles at the time dutiable in the United States, in leading countries where such articles are produced, by fully specified units of production, and under a classification showing the different elements of cost, or approximate cost, of such articles of production, including the wages paid in such industries per day, week, month, or year, or by the piece; and hours employed per day; and the profits of the manufacturers and producers of such articles; and the comparative cost of living, and the kind of living. "It shall be the duty of the Commissioner also to ascertain and report as to the effect of the customs laws, and the effect thereon of the state of the currency, in the United States, on the agricultural industry, especially as to its effect on mortgage indebtedness of farmers;" and what articles are controlled by trusts, or other combinations of capital, business operations, or labor, and what effect said trusts, or other combinations of capital, business operations, or labor have on production and prices. He shall also establish a system of reports by which, at intervals of not less than two years, he can report the general condition, so far as production is concerned, of the leading industries of the country. The Commissioner of Labor is also specially charged to investigate the causes of, and facts relating to, all controversies and disputes between employers and employes as they may occur, and which may tend to interfere with the welfare of the people of the different States, and report thereon to Congress. The Commissioner of Labor shall also obtain such information upon the various subjects committed to him as he may deem desirable from different foreign nations, and what, if any, convict-made goods are imported into this country, and if so from whence.

SEC. 8. That the Commissioner of Labor shall annually make a report in writing to the President and Congress of the information collected and collated by him, and containing such recommendations as he may deem calculated to promote the efficiency of the Department. He is also authorized to make special reports on particular subjects whenever required to do so by the President or either House

of Congress, or when he shall think the subject in his charge requires it. He shall, on or before the fifteenth day of December in each year, make a report in detail to Congress of all moneys expended under his direction during the preceding fiscal year.

SEC. 9. That all laws and parts of laws relating to the Bureau of Labor created under the act of Congress approved June twenty-seventh, eighteen hundred and eighty-four, so far as the same are applicable and not in conflict with this act, and only so far, are continued in full force and effect, and the Commissioner of Labor appointed under said act, approved June twenty-seventh, eighteen hundred and eighty-four, and all clerks and employés in the Bureau of Labor authorized to be appointed by said act or subsequent acts, shall continue in office and employment as if appointed under the provisions of this act, and until a Commissioner of Labor, other officer, clerks, and employés are appointed and qualified as herein required and provided; and the Bureau of Labor, as now organized and existing, shall continue its work as the Department of Labor until the Department of Labor shall be organized in accordance with this act; and the library, records, and all property now in use by the said Bureau of Labor are hereby transferred to the custody of the Department of Labor hereby created, and on the organization of the Department of Labor on the basis of this act the functions of the Bureau of Labor shall cease.

SEC. 10. That on the passage of this act the Commissioner of Labor shall at once submit estimates for the expenses of the Department of Labor for the next fiscal year, giving in detail the number and salaries of officers and employés therein.

Approved, June 13, 1888.

I want to testify that, so far as my experience has gone, this Department has been very beneficial to the laboring classes of the country. The statistics and facts which have been gathered by it are reliable and scientific, and in my experience as a representative of railroad men for a good many years I have been glad to utilize the figures compiled by the Department, and I have yet to find the first person, as a member of a Congressional committee, as a railroad official, or as an employer of labor, who has ever attempted in the least to dispute any of those figures.

Now, we object first, Mr. Chairman, on general grounds. We know this, that the people, with all respect to them, who have asked for the creation of this new Department are commercial men and employers of labor. We can safely say that in regard to this question the words "employers" and "commercial man" are synonymous terms.

Now, we think, just as it was stated by the chairman of the Manufacturers' Association of the United States here yesterday, that the secretary of a department which is to be beneficial to the interests that it represents should devote his whole energy to that end. Those are the words that he used.

Now, energy means something more than simply interest. Could it be expected that a secretary representing capital would devote much energy toward furthering the interests of labor?

As I have said, the people who have asked for the creation of this Department are employers of labor, and should this bill become a law, or this new Department be created, it does not matter whether you folks see fit to strike the Labor Department from it or not, every

member of this committee has had experience enough in political affairs to know that these influences which would have brought about its passage could consistently claim of the President that they were entitled to recognition in the selection of the man to be placed at the head of this Department.

This is now the case in the selection of men in the other departments, and it would be so with this one. And we feel that even if you allow this bill to go through as passed by the Senate, calling this the Department of Commerce and Labor, they will claim the right—not the absolute right—but a right to the extent, at least, that the President will listen to their claims.

Now, then, I want to say that a man who represents those interests, although he may be honest, is not competent to represent labor; and I have reason to believe that he would be honest. We have no reason to believe that any man is otherwise until we find him so. He is not competent to sit down at the Cabinet table with the President when something very vital is up before that council in which labor is interested and speak for labor. He is only like the laboring man, a man of environments; his whole life has been spent in furthering the interests of employers. And consequently he is not capable to speak for labor. Neither is the laboring man competent to speak for the employer.

We also object on more direct grounds. The present arbitration law, which was created by Congress in 1898, makes the Commissioner of Labor a mediator in labor disputes. Now, we do not think that it can be contended successfully that a commissioner of labor who is dominated, or whose policy is dominated, at least, by a secretary of commerce who represents capital could work as freely as he could if he were not under those influences.

Section 2 of the national arbitration law passed June 1, 1898, reads as follows:

That whenever a controversy concerning wages, hours of labor, or conditions of employment shall arise between a carrier subject to this act and the employees of such carrier, seriously interrupting or threatening to interrupt the business of said carrier, the chairman of the Interstate Commerce Commission and the Commissioner of Labor shall, upon the request of either party to the controversy, with all practicable expedition, put themselves in communication with the parties to such controversy, and shall use their best efforts, by mediation and conciliation, to amicably settle the same; and if such efforts shall be unsuccessful, shall at once endeavor to bring about an arbitration of said controversy in accordance with the provisions of this act.

One of the great reasons for creating this Department of Labor was to educate the masses of wage-workers in the country, and one of the results of that has been that they have collected a lot of data and information in this Department which has served as a basis for legislation for the working classes of people, and it is not unordinary for myself and other labor representatives, when they come before the committees of Congress, to quote the statistics and articles prepared by this Department. We certainly do not think that statistics that are gathered under the direction of a man who represents capital will be so beneficial. We think that in that case the employing classes would be against it—the employing classes who are asking for the passage of this bill and who come here and oppose us in our requests to Congress for legislation. They all do it throughout the whole country before the State legislatures. As a sample of some of their work along this line I will here submit to you a resolution from the Pitts-

burg Chamber of Commerce protesting against the enactment of a fellow-servant law in the State of Pennsylvania:

CHAMBER OF COMMERCE,
Pittsburg, Pa., February 27, 1901.

COMMITTEE ON MANUFACTURES:

Your committee would call attention to bills pending in the legislature relating to the right of employees to bring action in court for damages for personal injury received in discharging their duties.

These bills at first glance commend themselves, seeming to give industrial workers the same rights in court as others, in claiming damages for personal injury received.

Similar bills have been presented to the legislature year after year, which on judicial examination are found to be in contravention of well-established principles of law.

Briefly stated, these are that men employed in industrial occupations assume voluntarily the ordinary risks attending their trades, and if, through neglect of ordinary precaution, injury of life or limb occurs, employers should not be held liable.

Even in case of personal injury, not through negligence of the person injured, but by others of his associates, the employers should not be held responsible.

In cases of this kind it is well established by common law that such injury has been occasioned by the community of employees, and no blame shall be attached to the employer.

This association has repeatedly put itself upon record with the seal of disapproval against such legislation, and your committee have no other course than to reaffirm former action and recommend the defeat of the bills in question.

The above report was approved by the board of directors unanimously at their meeting February 26, 1901.

GEO. H. ANDERSON,
Secretary Chamber of Commerce of Pittsburg, Pa.

The fellow-servant question is something that the Labor Department has gathered lots of information upon, and it has in one of its bulletins an article on that question which is, I might say, indispensable. We do not think that a man who represents capital at the head of the department would cheerfully agree or go ahead and lay out a plan and put "energy" into it, as the chairman of the Manufacturers' Association said yesterday, to collect such data and put them in our hands. Some of the people who are in favor of this bill becoming a law have even during the present session of Congress come before the committee of Congress and opposed our Chinese-exclusion bill.

Now, we object, Mr. Chairman and gentlemen of the committee, to having our department, that we worked so hard to get, put under the domination of these people. I want to be fair, however, and will say that while a capitalist is not competent to represent labor, it is just as true that a labor man is not competent to represent the interests of capital in this department. The argument applies with equal force on either side.

MR. DAVIS. That grows out of the environment and the education of the two classes?

MR. FULLER. It certainly does. The representative labor man who would be put in the Cabinet would be a man educated along those lines, and the other fellow can not be, because his mind has been wholly taken up in some other way.

MR. RICHARDSON. There is where he has his conflicts, with labor?

MR. FULLER. Certainly he does. He is in conflict with us here to-day, and opposing bills which we have before Congress. And, naturally, they would not want us to come before Congressional committees with articles which substantiated our claims for legislation.

MR. RICHARDSON. Your idea is that they are just seeking by law to get in such a position that they will dominate labor?

Mr. FULLER. I think so. I accuse only those who insist on subordinating the Department of Labor to this Department of Commerce. I do not think there is any good reason for doing so.

Mr. MANN. As originally drawn does it cover in the Department of Labor?

Mr. FULLER. I could not say whether the bill, as originally drawn by Senator Nelson, did that or not, but I want to say this: That the reason we are coming here now with such a protest is because the bill did not remain in the Senate committee as long as bills ordinarily do, but it was put hurriedly out into the Senate before we realized what was being done, and then we made our protest, but as a protest offered on the Senate floor does not have the effect that it would if you got before the committee and gave your reasons fully, the motion to strike out was defeated.

Mr. COOMBS. If your motion to strike out had succeeded, it would have left it entirely harmonious with the Department of Labor?

Mr. FULLER. To strike out all that portends to labor leaves the bill harmonious and does not hurt it any, in so far as we are concerned. But of course we would like to see labor put into the Cabinet by itself.

The CHAIRMAN. Would it discommode you to stop now and finish your remarks to-morrow morning? There are some matters before the committee which should be considered before 12 o'clock.

Mr. FULLER. Very well.

SATURDAY, *March 29, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

ADDITIONAL STATEMENT OF MR. H. R. FULLER.

Mr. FULLER. Mr. Chairman, I was not at the hearing yesterday; I am sorry that I was not, as I understand that some of my statements were questioned by Mr. John Hayes, the secretary of the Knights of Labor. According to the stenographic report of his testimony of yesterday, he says that I reported to the locomotive firemen over my own signature that the Knights of Labor had protested against including the Labor Department in this new department.

I understand from some of the witnesses who were present yesterday that the article he referred to appeared in the Locomotive Fireman's Magazine for March, 1902. I hold in my hand a copy of that magazine. Under the head of "Labor legislation" appears an article entitled "Department of Commerce," written by the editor himself, and in that editorial the editor, through an error, says this:

On January 7 the bill was up in the Senate for consideration, and Mr. Nelson, of Minnesota, presented a protest from the Knights of Labor against including the Labor Department in the bill.

That is what he says on that point. Then he says:

And the following discussion took place, which makes it evident that our legislative representative at Washington, Brother H. R. Fuller, etc.

This bears out the statement that I make that those are the words of the editor, not mine. Then he goes on and gives the discussion, and it includes the protest written by me to the United States Senate

against including the Labor Department in this bill, and because my name is quoted in the article Mr. Hayes has intentionally tried to misrepresent the facts, and, in effect, says I wrote the article. I would like to have the committee examine this article, for their own satisfaction.

I understand, too, that he criticised the organizations that I represent, and, in effect, said that they had ceased to be labor organizations, and had now become insurance societies. It is true that our organizations have insurance departments, but this does not in the least impair their usefulness as labor organizations. But, on the other hand, it makes them stronger, as the insurance feature binds the men closer together.

Last year, 1901, the Brotherhood of Locomotive Engineers paid out to its members in insurance \$899,250.

The Order of Railway Conductors paid out to its members in the way of insurance \$603,000.

The Brotherhood of Locomotive Firemen paid out to its members \$543,650.

The Brotherhood of Railroad Trainmen distributed among its members \$788,800.

Making a total of \$2,834,700 for the year.

And I wish to add that since these organizations have come into existence the Brotherhood of Locomotive Engineers has paid out in insurance to its members \$10,272,447.56.

The Brotherhood of Locomotive Firemen has paid out \$6,086,891.02.

The Order of Railway Conductors has paid out \$5,028,467.

The Brotherhood of Railroad Trainmen has paid out \$6,918,430.37.

Making a grand total, \$28,306,235.95.

I want to say for the committee's information that this is a mutual insurance. All of this money was collected by these organizations and distributed by them among their members to assist them in the hour of need without any speculation whatever. Every dollar which comes through the grand lodges is paid out again.

I will close by saying that I have no apologies to make for organizations that are engaged in this kind of work.

STATEMENT OF MR. A. FURUSETH, REPRESENTING THE SEAMEN'S UNION.

Mr. FURUSETH. Mr. Chairman, I shall not take up the time of the committee in going over what has been very well said here already.

The statement made that labor and capital is identical is partly true. Fundamentally in the production it is true. The division of interests appears when the product is to be divided.

The Department of Labor, as we know it now, was established in answer to the prayers of the working people that there might be some official statistics, reliable, untainted, trustworthy, that would show the actual condition of the working people, show it not only as a whole, but in one part of the country as compared to another part of the country, in this country as compared to other countries, giving such information as we found was not available in any other way.

This information ought to be absolutely reliable. I believe we all know that statistics may be made to prove almost anything, and the value of statistics lies in the fact that they are untainted. If those

under whose authority industrial statistics are gathered want them to show one thing or have a tendency to show one thing, they will show it. And it was for that reason, and in order that they should be free from all suspicion of partisanship, that the Department of Labor was taken out of the control of the Interior Department. If it is placed in the Department of Commerce, the confidence in it on the part of the working people will unquestionably fade away. I do not think there is any doubt about that.

The chairman said a little while ago that the genius of our country is against classes. True. But the classes are there all the same. We may not want to acknowledge it, but there they are all the same, and there can be nothing gained, as we think, by, ostrichlike, hiding our heads so we can not see these things.

The Labor Department's value, real value to the people, real value to commerce, real value to anybody, must be acknowledged to be in the absolute reliability of the information it furnishes. We do not believe it could remain that under the condition that is proposed.

And I want to say in addition, that the working people would look with suspicion upon a move of that description. It has been so far from their thoughts that no one has dreamed of even considering it from that point of view. If there had been any idea that the Bureau of Labor, as we sometimes call it, and sometimes the Department of Labor, should be taken in and covered by this new department, there is no doubt but what there would have been very emphatic protests from all over the country. The subject was mentioned before the two last conventions of the American Federation of Labor, and a few men suggested that there would be such a thing suggested as to make the Labor Department a part of the Department of Commerce; but that appeared so preposterous, so far away from anything which labor thought it could expect, that it was not even considered seriously.

I have got no more to say on this matter. Mr. Tracy and Mr. Fuller have said what ought to be said from our point of view; but Mr. Agard, the general president of the Glass Workers' Union of the United States, happened to be going through Washington going West, and he stopped this morning. When I told him of the hearings that were going on, he consented to come up here, and if you would give him such time as you might be inclined to give me, I think it would be beneficial to the committee and to the benefit of all. I could state simply what has already been said, and if you will give him a moment's attention I would be very much obliged.

The CHAIRMAN. You made a reference a little while ago which I think is an error. You spoke of the feeling that existed in regard to the proposition to establish a Department of Commerce. There is no proposition of that kind. It is a proposition to establish a Department of Commerce and Labor.

Mr. FURUSETH. Well, we never thought of it as commerce and labor. We knew it as a proposition to establish a Department of Commerce and Industry. But we had no suspicion that there was any idea of taking the Department of Labor and placing it in this new department. We know, of course, of the proposition that has been more or less before the public for the last six years to establish a Department of Commerce and Industry; but to take the Bureau of Labor and make it a part of it was not thought of seriously; and that labor would in any way be satisfied with such a proposition I most emphatically deny. Labor

would look upon that, in my opinion, as an effort to vitiate the importance and the usefulness of the Department of Labor as it now exists.

The CHAIRMAN. Your opposition to this grows out of the fact that, in your judgment, the dominating influence in appointments would be the commercial one?

Mr. FURUSETH. Not particularly—

The CHAIRMAN. But suppose you were sure, suppose you knew that the dominating influence would be that of labor, what objection, then, would there be, according to your argument, to the establishment of the Department of Commerce and Labor?

Mr. FURUSETH. The same identical opposition. We do not believe that it is possible for a man—take, say, a professor from a university who has given a life study to economic questions, and make him Secretary of the Department of Commerce and Labor. His sympathies will either be with labor and he would be a bad adviser to the President so far as capital was concerned, or his sympathies would be with capital and he would be a bad adviser to the President as far as labor was concerned. We do not believe that it is possible for one man to represent those two interests.

The CHAIRMAN. Give the committee your idea now of that class of advice, that class of consultations between the President and the head of this great department; for instance, on the subject of commerce that would be inimical to labor, or on the subject of labor that would be inimical to commerce, as it would be considered by the head of a great department like this.

Mr. FURUSETH. Well, I have not personal experience, or personal knowledge enough about either to be able to say what kind of advice a Government officer gives, but I want to say this:

I have no knowledge of what a Cabinet officer's duties are, but what I am concerned in, and what labor above all other things is concerned in, in my opinion, as I know it, is that the information furnished the public, furnished to Congress for its use, dealing with the condition of the working people as to the hours of work, as to the time, as to the pay that they receive for it, as to the prices of things that they have got to buy to live, their actual everyday living conditions—that which touches us every morning when we go to work and touches us again at night when we come from work—these questions are to us everything in the world, because upon the condition that we have there depends our whole life. It determines what kind of education our children shall have. It determines what kind of clothes our wives shall wear. It determines the hopes and aspirations we may have for ourselves and our posterity.

The CHAIRMAN. But is not that common to all the people?

Mr. FURUSETH. It is. But not in the same degree that it is common to labor. Since you have asked the question I might as well state a word more—one that I said in the labor committee about a year ago. There is in the minds of the working people, as I know it, a fear, not only that the condition is not going to be better, but that the condition is going to be worse. There is a fear that in the changing of the industrial system that is taking place the working people are to be again placed by legislative act and assisted by legislation, in the relation to industrial appliances, in the same position that they once were placed with reference to land. There is a fear of that. Whether that is justified or not is a question, but that the fear is there, and that they look upon

and look toward every step taken as either a step from that fear or toward that danger, there is no question at all.

The Labor Bureau is a department which has been organized for the specific purpose of giving to the people the truth, officially, the truth as to the actual conditions of the working people, to the end that the statesmen may use that in order to arrive at better and better conditions without disruption of existing forms of society. When the workingman finds that this is to be covered in something else in such a way as to take away its strength, its sufficiency, its reliability, he is at once full of suspicion—he fears it. He fears it as he fears arbitration laws. He fears it as he fears injunctions. He fears it as he fears those combinations that make it possible for one man to say how much I shall get a day and how many hours of labor I shall work, or whether I shall work at all or not.

He feels it. He feels it every day and fears it, and through those fears and apprehensions there runs the sentiment of the working people, something that very few men who have not been among the working people, who do not live there and feel there all the time, can grasp or get hold of. It is a fear that at the present time is almost nameless, because it is not understood even among themselves; but the fear is there, and anything that is done toward creating a stronger fear, anything that is done that will add to that apprehension, will have a disquieting influence and will be disastrous to the confidence that the working people would so gladly continue to have in the legislative branches of the Government of the United States.

The CHAIRMAN. For example, suppose that this Department was created as contemplated by the Senate act, and that Carroll D. Wright, the present head of the Department of Labor, was made Secretary of that new Department. What effect would that action have upon this fear?

Mr. FURUSETH. Suppose Carroll D. Wright was a reincarnation of the Savior. Yet he would die.

The CHAIRMAN. I think that is a correct proposition.

Mr. COOMBS. You spoke about a change coming in the industrial system. What did you mean by that?

Mr. FURUSETH. I mean that twenty years ago an ironworker, if he did not like to work for Jones, could go and work for Smith; if he did not like to work for Smith, he could work for Paul. But to-day he has got to work for Smith or not at all. That is what I mean.

The CHAIRMAN. The hour for adjournment has arrived. Will you continue your remarks to-morrow morning?

Mr. FURUSETH. As far as I am concerned, I have said all I had to say. I had hoped that Mr. Agard would be given an opportunity to make a few remarks.

The CHAIRMAN. We will be glad to give him an opportunity in the morning. Our adjournment is fixed by the session of the House, and if there is no objection, and if the gentlemen representing labor agree, I will be very glad if we could hear Mr. Agard in the morning.

Mr. AGARD. No; I am due in Canada and must leave to-night. I think the subject has been covered, however.

(After several suggestions, Mr. Agard was granted a few minutes to make a statement.)

STATEMENT OF MR. E. A. AGARD.

MR. AGARD. Mr. Chairman, I have grown up in the labor movement, but the addressing or appearing before Congressional committees is somewhat of a novel experience to me, and I want to say this: That until five minutes ago I had no expectation or intention of saying anything at all here. I was merely on my way through the city and had to stop to call upon the president of the American Federation of Labor, with which organization we are affiliated.

I happen to represent an international association that covers both the United States and Canada, and they have sent me to adjust some matters in Canada, and I was on my way there, and even when I came here this morning, until Mr. Furuseth had asked your indulgence, I was not expecting to say anything at all to you, and so will not take up a great deal of your time, because I believe that this committee is entitled to the best thought upon this question of the men who represent the labor movement, and that best thought should be so condensed as to enable them to grasp it and dissect it speedily. And so I can not say much more than this:

That I believe I understand the labor movement and I do not desire to arrogate to myself any especial powers or intelligence in that statement; but I believe I understand the labor movement as well as any man who is connected with it, or any man who is outside of it, although I claim that no man can be outside of the labor movement in this country unless he is a hermit and lives in a cave.

But to get right down to the facts in the case, I want to say that the laboring people of this country are a unit, an absolute unit, in being opposed to having the interests of labor looked after by any such department as this bill purposes to create.

Two years ago at the Louisville convention of the American Federation of Labor a gentleman named Feeny, I believe his name is, I am not sure about that, who is a bookbinder employed in the city of Washington, brought to that convention a bill which he desired to have the American Federation of Labor indorse. It was a bill that was constructed along practically the same lines as the present bill, if not absolutely identical with it. That bill was referred to a committee of which I happened to be the secretary, and I wrote the report for the convention upon that measure, and it was almost unanimous.

The idea received but scant attention because the idea was absolutely new and unique to the people who appeared at that convention as the representatives of over a million organized wage-earners of this country, and yet I believe there was only one vote, which was that of Mr. Feeny, in favor of the Department of Labor or labor's interests being looked after by another department. At that time I studied the idea very carefully, but the multifarious duties of an officer of a labor organization that have intervened and interfered with my thoughts since then have left me but a comparatively slight idea of the way the subject presented itself to me then.

But I take this position: I do not know the gentleman's name who sat here, but I gathered a thought from something he said. While it is true that it has been asserted that the interests of capital and labor are identical, that is only half true. While it is true, while it has been asserted that the interests of capital are inimical, that is only a partial

truth. They are identical to a certain point, where they become opposed to each other.

And to return to the Treasury Department idea, when the Secretary of the Treasury goes over to New York and consults with great financial leaders, he does it because he is looking for men who are expert in that department, just the same as when you are sick you go out and consult a doctor. Now, when the industrial condition of the country sickens we want an expert doctor there to tell the people what ought to be done.

I am not absolutely afraid that we will never have a representative of labor in that position if this bill as contemplated is adopted, because American labor gets out and hustles, and is pretty active when it comes to a fight; and while we have never gone into politics and while we absolutely believe that for a labor association to engage in partisan politics—understand, partisan politics—will be the death and ruin of that organization, this bill perhaps might bring about such an evolutionary process that it would drive us into partisan politics. And that is one reason why we are opposed to its being lost in any such measure as that.

The chairman, who has gone out, has given voice to the thought that there are no classes in this country; that we are a homogeneous people, and that our interests are identical. That is only a partial truth, and to follow that to its logical conclusion, I think, we would go a long ways astray. But be that as it may, the question of production in this country has been practically solved. There are no longer any problems that present themselves to the manufacturer or the workman along the lines of production. But the question of distribution is just beginning to attract the attention of the thinking world, and the manufacturer can never solve that alone. Neither can the workman solve it alone.

So far as that question is concerned our interests are identical and mutual. The inventor of to-day no longer seeks to invent new fields or invent new machinery; but his attention is called to the perfecting and the making automatic, if you please, or as near automatic as possible, the machines already invented. That being true, labor is undertaking an evolutionary process which is so absolutely swift that no one but those in the front rank can keep pace with it. Even the labor organizations themselves that study these questions can hardly keep pace with the change in the labor situation. And that being true, we do not feel that a man whose attention is abstracted by fifteen or twenty other ideas that are not identical, such as the Light-House Service, as one example, can give this great problem the attention which it demands.

You all know that in every political campaign—municipal, State, or national—the utmost endeavors of every man who aspires to be a leader of a party are directed toward a convincing of the labor interests of this country that their interests are preeminent. Now, is not that true? Both of the last national platforms devoted considerable space to the interests of labor, and every question that is discussed before the people in this country is discussed from the view point of the effect it will have on labor—not organized labor, but labor.

That being true, is it any wonder that we have gotten the idea that the country can not be operated successfully unless we are prominently identified with every measure that is in it? Yet, in spite of all those things, these preelection arguments, we see that every State legis-

lature and every session of Congress takes bills that have been proposed in the interests of labor, and they are emasculated and shorn of the very beneficial effects they were intended to have, or else they are so amended and changed that we have nothing but the title left.

I do not claim that thought is due to any intention on the part of legislators to go astray, but I do claim that it is due because of the fact that labor interests are not properly represented. I do not believe that any man sitting about this table to-day, or any man who represents his district in the Congress of the United States, knew as much about legislation when he first took his seat as he does now. You learn from experience and study of these questions. And so it is with the labor movement. If you put a manufacturer at the head of the Labor Bureau you will be absolutely unable, be he ever so honest a man, to get the sentiment and feeling of the labor of this country because of the suspicion that the gentleman who preceded me spoke of.

Now, it may be true that we ought not to have this suspicion, and yet a short time ago I was in New York City and I dropped into a club there as an invited guest. I was probably the only man in the club who knew anything at all about organized labor or about the labor of this country, and I heard gravely discussed by men and women who are able, and who are leaders, socially and financially—I heard gravely discussed the idea that the public-school system of the country is a curse to the country because it made the coal miners of this country dissatisfied with their condition!

Now, gentlemen, I am telling you a fact, and could give you the names of the men and women who discussed that proposition; and they took a vote and decided that that was true.

Mr. RICHARDSON. The affirmative won?

Mr. AGARD. Yes; they decided it was true that the curse of this country to-day is education, because it makes the people who are compelled to labor with their hands dissatisfied with their condition. And I kept still, for a wonder.

Mr. RICHARDSON. You did wrong right there; you should have corrected them.

Mr. AGARD. Probably; but I wanted to give them this thought: That eternal discontent is the price of all progress, and that the man or nation who is satisfied to remain still retrogrades instead of advances. You have got to go either ahead or backward.

And with this generalization, gentlemen, I want to thank you for your kindness in listening to me to-day, and again reiterate that the labor of the country, not organized labor, but all the labor—because I speak for all, whether it is a member of my association or not—is absolutely opposed to the proposed bill; and they are opposed to it because they do not think that their interests can be properly looked after. And my interest, after all, is your interest. The more money I have and the shorter my hours of labor the better citizen I become, and if I have any children the better I am able to prepare for them and to fit them to become good American citizens, which is the highest badge of honor that myself or any other man can wear.

Gentlemen, I thank you. I want to add that it is not the bill I am opposed to, but it is to the putting of the Department of Labor in it.

STATEMENT OF PROF. W. F. WILLCOX, OF CORNELL UNIVERSITY.

Mr. WILLCOX. Mr. Chairman, the bill before this committee proposes to create a Department of Commerce and Labor and states in section 3 that the province and duty of the Department is "to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping, and fishery industries, the labor interests, and the transportation facilities of the United States."

It does not give anywhere in the bill a detailed and general statement of the way in which these desirable objects are to be secured, but in section 5 there is a statement regarding the Bureau of Manufactures which it seems to me comes as near as any passage to indicating the means by which these ends may be secured.

With reference to the proposed Bureau of Manufactures the bill says:

It shall be the province and duty of said Bureau, under the direction of the Secretary, to foster, promote, and develop the various manufacturing interests of the United States, and markets for the same at home and abroad, domestic and foreign, by gathering, compiling, publishing, and supplying all available and useful information concerning such industries and such markets, and by such other methods and means as may be prescribed by the Secretary or provided by law.

Further on in the same section references are made twice to useful and material information and statistics.

These passages in the bill seem to indicate that an important object of the measure is to secure detailed information of a statistical character regarding the ends mentioned in section 3. It is obvious that the character of the information secured on these vast interests must be very largely statistical or numerical.

One important aim of the bill is to consolidate certain of the statistical offices of the Government in the hope that thereby they may be better equipped to further the interests mentioned in section 3, and by their correlation they may work more efficiently. This is brought out clearly in section 4, where the bureaus to be combined are mentioned. There are at present in the United States, as I understand it, seven or perhaps eight statistical offices of leading importance.

The CHAIRMAN. Name them, please.

Mr. WILLCOX. Of these eight, five are brought under this provision of the bill. The five are the Bureau of Foreign Commerce in the State Department, the Bureau of Statistics in the Treasury Department, the Bureau of Immigration in the Treasury Department, the Census Office in the Interior Department, and the Department of Labor. In addition to these, to make up the eight I spoke of, there are the division of mines and mining under the Geological Survey, the Interstate Commerce Commission, and, in the Department of Agriculture, the division of statistics. I think that makes eight.

The CHAIRMAN. Which is omitted?

Mr. WILLCOX. This bill omits the Interstate Commerce Commission. It also omits certain offices that publish statistical information. In fact, every office of the Government has to publish statistical information to a certain extent. For instance, the office of the Surgeon-General of the War Department publishes very important information in regard to the health of troops. The Marine-Hospital Service publishes statistical information also in regard to its work. I think my general statement is not too broad in saying almost every bureau of

the Government has to publish statistical information—almost every bureau has to deal with figures.

The question upon which I wish to speak is whether this policy of consolidating five of these statistical offices in one department is wise and desirable.

Looking for a moment at the practice of other countries, it seems to me that there are different types of the organization of statistics in various leading countries. The type in the United States has been heretofore to develop statistical offices in connection with the various branches of administration. I do not know any country in which that type has been more fully developed at the present time than France, where there are 11 statistical bureaus, in connection with every important branch of the French ministry.

In France, under the ministry of finance, there is a bureau of statistics and comparative legislation; under the ministry of public instruction there is a bureau for educational statistics; under the ministry of justice there is a bureau of judicial statistics; under the ministry of commerce there is a statistical office, a labor office, and a superior council of statistics; under the ministry of agriculture there is a statistical bureau; under the ministry of public works there is a bureau of statistics of mineral industries, a bureau for railway statistics, and a bureau for graphic statistics.

That makes some ten or eleven different bureaus. That is one type of statistical organization, and it is the type that the United States perhaps thus far has conformed to.

The general development of statistical organization in Europe, so far as I am informed, has been rather away from that type—toward a type involving greater consolidation. I say this not only on the basis of my own information, but also on the basis of statements by writers who have gone into the study of this question.

The leading writers conclude that the general trend of development in European countries has been away from this extreme decentralized form of statistical work toward greater centralization. They admit that certain technical branches of statistics must be kept in close touch with the administrative offices to which they relate, but a considerable amount of statistical work can be consolidated into a single large office. That is the policy, it seems to me, that this bill contemplates, and I believe its enactment would mark a very long step in advance in the statistical work of the United States Government.

Perhaps the best type of that form of organization in foreign countries is Germany, which has an imperial statistical office in Berlin. It also has subsidiary statistical offices in connection with the main branches of administration, but the main office stands head and shoulders above the others. It exercises, I believe, a certain advisory power over these other branches, and thus they secure advantages of centralization and uniformity.

I wish to call attention to certain other advantages that might flow from this change in the organization of our American statistics, aside from the point which I have mentioned, namely, that it is in harmony with the general trend of change in other countries.

Such a measure would tend to decrease the duplication of statistical work. I may mention one case of duplication of work which would apparently be avoided if this measure should pass. As I understand, at the present time whenever exports are to be made from some

foreign country to the United States the invoices have to be taken to the nearest consul, and that consul retains one copy and forwards it to the State Department. On the basis of that invoice the Bureau of Foreign Commerce of the State Department issues a statement of declared exports, giving the value of exports to the United States from various regions. The other two invoices come forward with the goods. One is received by the Treasury Department when the goods pass our custom-house.

It is reported to the Bureau of Statistics of the Treasury Department, and on that basis it makes up a publication of the imports from various countries, classifying them in much the same way as the Bureau of Foreign Commerce of the State Department. So we have these two publications, one from the State Department and one from the Treasury Department, giving substantially the same information.

I have never been able to learn, and I have consulted with others on this question, that it was necessary or expedient to continue those two publications reporting the movement of goods, one from the point of starting and the other from the point of arrival. It seems to me this is a clear case of duplication of work which could and would be removed in case the Bureau of Foreign Commerce of the State Department and the Bureau of Statistics of the Treasury Department were consolidated.

Another line of work which involves at the present time a certain amount of duplication that could be reduced, if not removed, in case of consolidation is the work on wages. That is done both in the Department of Labor and in the Census Office. There is hardly any work, I think, to which the Department of Labor has given so much time and attention as to measurements of wages and changes of wages. The United States Census Office, in connection with its inquiry into manufactures every ten years, gets a return of the total amount paid in wages, and has made an estimate of average annual wages. Those are two investigations made independently of each other, aiming to secure by different lines of investigation parallel and corroborative results.

It would be desirable that those results might be carried on in the same office by a single set of experts. At present we are training up two bodies of experts on this subject, and I think we are paying dearly for results which do not so closely corroborate each other as they might if they were correlated under a single department.

Mr. CORLISS. Do you not think it would be wise to eliminate the gathering of wage statistics in the Census Office and put them entirely under the Department of Labor?

Mr. WILLCOX. This is a question which at the present I should be inclined to answer in the negative, and for this reason—the method of investigation is entirely different. The Census Office is the only office which has money and employees enough to make inquiries as to the total amount of wages paid in every establishment in the country. In other words, the Department of Labor can not make an exhaustive inquiry into the total amount paid in wages. It is compelled to select certain industries and certain establishments, and from them it tries to reach what we call typical wages, and for this reason the representative character of the information it gathers can be challenged.

The census undertakes an exhaustive enumeration of all industries in the United States and asks from every employer how much he pays

in wages. From the replies you get what you can not get from the Department of Labor—an exhaustive statement in regard to the sum total of wages paid in the United States for the year covered by the census.

Mr. CORLISS. If the Department of Labor was given the same power and authority it would be able to obtain as good results?

Mr. WILLCOX. The crucial point is not power or authority, but dollars. If you are willing to appropriate for the Department of Labor the millions of dollars needed in order to send enumerators all over the country and empower them to visit every manufacturing establishment in the United States and ascertain the wages paid at those establishments, then you can get through the Department of Labor the information which you now get through the Census Office.

Mr. CORLISS. We have established a permanent Department of the Census now, and why not allow the proper department, which is the Labor Department, to cover all subjects that emanate from the Census Bureau relating to labor; because it will become a duplication of the work to cover that with the Census Department also?

Mr. WILLCOX. Of course that is entirely possible.

Mr. CORLISS. Would it not be best?

Mr. WILLCOX. For the reason I attempted to suggest, I should say not. It seems to me that in so important a subject as wage statistics, it is desirable for the United States Government to pursue both methods. In other words, it should select the industries about which it would secure statistics, and then in those industries select certain representative establishments; it should also, once in ten years, make a comprehensive inquiry of every manufacturing establishment in the United States. This dual method is followed in some States. I suppose no more efficient state bureau of labor exists to-day than in Massachusetts. The Massachusetts bureau makes an annual report on manufactures which does not aim to include every establishment. But that does not deter the State from making an investigation every ten years of every manufacturing and mechanical establishment in the State.

Mr. CORLISS. Then you think the duplication to some extent in the Census Department and the Labor Bureau should be continued?

Mr. WILLCOX. I believe it is desirable to maintain those two lines of investigation. My point is that it would be much better if they could be carried on in the same office, so that the same experts could do them.

Mr. MANN. Is it not true the statistics gathered by the Labor Department and the statistics gathered by the Census Office in regard to wages are entirely on different lines? In other words, the Census Department purports to state what a certain class of employees receive, or workers in a certain industry receive, and the Labor Department states the wages for all classes of employees.

Mr. WILLCOX. Of course that is a very important difference, and there are a large number of differences. The whole inquiry from the point of view of the Census Department is made through the manufacturers; it is the employer's statement.

Mr. MANN. For instance, take the steel manufacturing business, which, of course, is very large. Here is an establishment that may employ 5,000 or 10,000 employees. The census asks, as I understand it, for the total wages paid. It does not ask how much puddlers

receive or how much other classes of labor receive in the steel works; whereas the Labor Department endeavors to segregate these, pursues an entirely different line of work, and it is not duplication, as I understand it.

Mr. WILLCOX. I do not mean to say that it is an exact duplication. My point is that the expert work in that regard is so similar that if the work could be done in the same office——

Mr. MANN. You do not think taking the census and filling out all these schedules by an ordinary enumerator is expert work?

Mr. WILLCOX. Certainly not.

Mr. MANN. That is what the census does.

Mr. WILLCOX. A very large proportion of the census schedules relating to wages are filled out by expert special agents. That is true of all our cities. It is only in the scattering small industries out in the rural districts that the returns are made by the ordinary enumerators.

Mr. MANN. I may be mistaken, but my understanding is that in taking the recent census they furnished a schedule to each manufacturer in each of the large cities, and relied upon those manufacturers to fill up the schedule, and that was all there was to it. Now, the working up of the material is an entirely different proposition. That might best be done by a special department.

Mr. WILLCOX. To pass to another point, in which it seems to me that the consolidation of the statistical work of the Government would be beneficial and would reduce the danger of conflicting results; and that is where different lines of Government work in different offices are working toward the same result it is almost inevitable that a considerable degree of duplication should result. I have here, as a striking illustration of that fact, the preliminary figures reported from the Census Office in regard to the wheat crop of the United States. These figures should be taken, I may say, as subject to correction in details, but in the main I think they may be regarded as accurate.

The Division of Agriculture in the Census Office reports the wheat crop of 1899 on the basis of the visits of the enumerators to every farm in the United States as in round numbers 661,000,000 bushels. The Division of Statistics of the Department of Agriculture, being compelled to rely upon information from correspondents, and that information not being so complete, reported the wheat crop as 547,000,000 bushels, a difference of 114,000,000 bushels. Now, the division of manufactures of the Census Office reports the consumption of wheat in the United States in 1899, and those figures, of course, may be used to check the figures of consumption.

The figures coming from the flour and grist mills in the United States show a consumption of 489,000,000 bushels for that year. The figures of exports as shown by the Bureau of Statistics of the Treasury Department for the twelve months referred to are 99,000,000 bushels. The division of agriculture of the Census Office estimates, very roughly, the amount of wheat used for seed in the United States to be 50,000,000 bushels. This makes a total consumption for the United States for 1899 of 638,000,000 bushels, while the crop as reported by the division of agriculture of the Census Office was 661,000,000 bushels, giving a shortage as between the production and consumption of 33,000,000 bushels as between the two divisions of the Census Office; but an excess of consumption as estimated by the Census Office over.

production as estimated by the Division of Statistics of the Department of Agriculture of 91,000,000 bushels.

I am not presenting those figures as criticising the work of any department of the Government, but simply to illustrate how different returns from different lines of inquiry ought to be used to corroborate or criticise one another. They could much better be used in this way if they were obtained in a single office. It is constantly true that in the Census Office a product reported by the Agricultural Department will be reported as raw material by the manufacturing division, and if those two divisions are working side by side with their heads in constant and daily intercourse it is inevitably true that the results of one division will be criticised by the results of the other. On the other hand, if the office making this investigation is an office belonging to another department, removed to a considerable distance, and working more or less at arm's length, that the results can not be used with anything like the same success, as corroborating or criticising each other.

Therefore it seems to me that there is a great advantage in having these results secured in a single office where there is a group of experts on different lines gathered together, who can compare their figures to secure the best possible results for the money the Government is spending.

Mr. MANN. Do you think that will always be done?

Mr. WILLCOX. No; I would not say that. I think the chances would be increased if the offices were in the same department.

Mr. MANN. The Bureau of Statistics is one of the best of these bureaus in the Government.

Mr. WILLCOX. Undoubtedly.

Mr. MANN. Recently they have undertaken to give the shipping business of the Great Lakes, and they purport to give the amount of tonnage in goods shipped and in goods received. It is manifest that the goods shipped are received, and that all the goods received have been shipped; but the two do not anywhere near correspond; there is absolutely no similarity in the figures. According to the statistical reports the goods shipped and the goods received are entirely different. I do not see how they can reconcile their figures. They have to take the figures they get of the goods shipped and they have to take the figures they get of the goods received, and they should agree, but they do not.

They can not change the figures so as to make them agree.

Mr. WILLCOX. But experts in that line of inquiry ought to be able to throw light on the discrepancy, I should think.

Mr. MANN. I have asked for an explanation, but the only explanation they could give was that there was an error in some way in reporting to them.

Mr. WILLCOX. My impression would be that you would be a little more likely to get a satisfactory answer to such a question if you had this work consolidated in a single bureau, just as you would be more likely to get an explanation of discrepancies in the figures in regard to foreign commerce if the Bureau of Foreign Commerce of the State Department and the Bureau of Statistics of the Treasury Department were together, and if those figures were published by the same office.

Mr. CORLISS. Do you think the statistical branch of the Agricultural Department ought to be placed in this Department?

Mr. WILLCOX. On the statistical side I am inclined to think it would

be well. How closely the Bureau of Statistics of the Department of Agriculture is interlaced with the rest of the work of the Department of Agriculture, and how far, if at all, it would cripple the work of the Department of Agriculture to have its division of statistics transferred to a general statistical office, I am not able to say, and therefore my judgment is somewhat unformed in regard to that topic.

Mr. CORLISS. If the Census Office were put in here, to some extent the work would be a duplication.

Mr. WILLCOX. It must be every ten years as the system stands at present. I would call attention to the statement of the Secretary of Agriculture in 1895 in his annual report on that topic. He said:

If, however, the Congress of the United States provides for a permanent Census Bureau to gather population, agricultural, commercial, and labor statistics each year instead of every ten years—

The first of those conditions has been realized, but not the second. If they should do that—

The entire business of collecting the agricultural data and statistics should be placed in that bureau which is now proposed and advocated as a permanent bureau by many thoughtful economists and statisticians of the United States.

The Secretary of Agriculture it seems to me would hardly have made that suggestion without an expert knowledge and careful consideration of the degree to which it would cripple the Department of Agriculture to have the statistical work transferred.

Mr. CORLISS. That is by the present Secretary?

Mr. WILLCOX. No; that was Mr. J. Sterling Morton, who was the Secretary of Agriculture in 1895.

The CHAIRMAN. The statistical work of the Agricultural Department at that time had not reached the volume it has to-day.

Mr. WILLCOX. No; not at all.

The CHAIRMAN. Or the accuracy?

Mr. WILLCOX. Not at all. It has greatly improved since then, and my judgment on the question raised is unformed. From the statistical side I believe it would be well to have the statistical work of the Division of Statistics in the Department of Agriculture transferred, unless that would hamper in any way the Department of Agriculture. If so, I should be entirely willing to admit that the statistical argument might be outweighed by the others.

If this consolidation of statistical bureaus were made it would also decrease inconsistencies of classification which exist at the present time. This I think is quite as important a matter, although not so emphasized in discussion as the duplication of work. These inconsistencies in classification are a constant embarrassment to persons engaged in statistical work. For example, in the Bureau of Statistics of the Treasury Department Madeira is classed as a part of Europe; in the Bureau of Foreign Commerce of the State Department, giving exactly the same data, Madeira is classed as a part of Africa. That is but one illustration and others might be given.

The same difficulty arises over immigration figures. The Bureau of Immigration of the Treasury Department classifies our immigrants by race and nationality. The Census Office classifies the foreign born neither by race nor by nationality, but by country of birth. Those two classifications can not be brought into satisfactory connection with one another. There is constant trouble and difficulty in comparing the results of the Bureau of Immigration of the Treasury Depart-

ment with those of the Census Office. The Bureau of Immigration in 1899 changed its classification in order to emphasize the race distinctions between the immigrants coming in at our ports of entry and considers that it is a step in advance. I believe that it would be a step in advance if the classification by race could be carried out, but the Census Office believes that it can not be carried out and makes no effort in that direction.

As some evidence in evidence of the position of the Census Office, I may mention that there is no European country, I believe, which makes a race classification of the people of its own country. Only the United States and India attempt through the census reports to classify the population according to race, and the Bureau of Immigration, therefore, is attempting a classification of our immigrant population along lines which are not attempted in the countries from which they come.

The race distinctions in Europe are so subtle, so elusive, that it seems to me difficult, almost impossible, to classify people accurately, as the Bureau of Immigration is attempting to do, by race. At any rate, if these two bureaus were in the same general statistical office the experience from both sides would be compared. The arguments pro and con would be read and a general conclusion reached establishing a classification that would be harmonious in both directions, and would be most satisfactory to all the interests concerned. At the present time workers in this field are handicapped by the lack of a satisfactory classification.

Another difference in classification which aroused some discussion when this bill was pending before the Senate was the question of cotton ginning. Some opposition developed to asking the Census Office to make a report on cotton ginning, an opposition based on the fact that the Division of Statistics of the Department of Agriculture was already reporting on that subject.

Without going into the merits of the controversy, I may mention here one point that was not mentioned in that discussion, namely, that the reason the Census Office took up the inquiry into cotton ginning was that it regarded the ginning of cotton as a process of manufacture, just as it regards the grinding of wheat as a process of manufacture, and therefore as part of the work of the division of manufactures in the Census Office. It inquired of the cotton ginners how much cotton they had ginned.

Mr. COOMBS. You mean that flour mills would be placed in the category of mechanics rather than agriculture?

Mr. WILLCOX. Yes.

Mr. COOMBS. Manufacturing products other than agricultural products?

Mr. WILLCOX. I mean that the process of grinding wheat into flour and the process of ginning cotton are grouped by the Census Office as manufacturing processes rather than agricultural processes, and returns are reported by the division of manufactures of the Census Office and not by the division of agriculture. The Census Office, I may say, has considered carefully how to draw the line between agricultural products and manufactured products. There is no line to draw; they had to make an arbitrary line.

The arbitrary line was so drawn that everything done on the farm is regarded as an agricultural process and its result an agricultural product, and everything that is done off the farm, at a "manufactur-

ing or mechanical establishment," to use the words of the law, is reported by the division of manufactures. Obviously there are certain products part of which fall on one side and part on the other, according to whether they are made on or off the farm. Butter and cheese are examples. Part would come in as an agricultural and part as a manufactured product. But for administrative reasons, which I ought not to go into this morning, this has been found the most convenient rule.

The same difficulty arises as to what is mining and what is manufacturing. The Census Office is ordered to make a report of the manufacturing returns of the United States, and after it gets through with that to make a report on mines and mining. In order to do that it has to decide what is a manufactured and what is a mining product. The Census Office holds that products as they come out of the mine are mining products, and that any process through which a mineral product is put after it comes out of the mine makes it a manufactured product.

Mr. COOMBS. You cease to observe your distinction which you introduced in reference to the farming products. Anything that comes from the farm and not taken from the farm is agriculture. The moment you take it from the farm and it goes into a mill it becomes a manufactured product. You take the ore, for instance, from the mine, out from the shaft; you do not take it away from the mine, but within 10 feet of the place of exit you change its form, using machinery which is a part of the appliances of the mine. It belongs to the same person; it helps to keep the water out of the mine; it crushes the ore and converts it into metal. Now, you have ceased to observe the distinction you mentioned in regard to agricultural products.

Mr. WILLCOX. Undoubtedly there is a seeming inconsistency there. In reply I might raise the question, If you do not draw the line there, where shall you draw it? Is not that the best place to draw the line?

Mr. COOMBS. Would you not prefer to draw it when you introduce the ore into the mint? You have to have machinery, you have to have mechanics even to go down into the shaft and work while you are down there; you have electric drills, and all manner of improvements which pertain purely to mechanics and nothing else.

Mr. WILLCOX. So far as the nature of the product is not changed I think the Census Office feels that it continues to be a mineral product; but when the nature of the product is changed that is a process of manufacturing, like the grinding of wheat or the ginning of cotton; that manufacturing includes all series of changes whereby you transform the nature of the material.

Mr. COOMBS. It is in the mines where you segregate your ore. It is a fine distinction.

Mr. WILLCOX. Yes; the census law, you see, requires the Census Office to draw a distinction somewhere. It admits frankly that the distinction does not exist and had to be made, but it believes that that is the best place in which to make the distinction.

Mr. COOMBS. On the point of mining, there is a problem in my mind and I would like to have the committee enlightened upon it. Why would you place the division of mines and mining in this new Department? Simply for the purpose of getting statistics?

Mr. WILLCOX. Why would you?

Mr. COOMBS. Yes; are they in any wise allied—similar?

Mr. WILLCOX. I have not advocated, and do not wish you to misunderstand me as being a champion of the transfer. I do not wish to put myself in that position.

Mr. COOMBS. And I do not wish to put you in that position.

Mr. WILLCOX. As a matter of fact I do not know. I can see certain statistical advantages in having the division of mines and mining included.

Mr. COOMBS. Is not that purely a statistical office?

Mr. WILLCOX. Yes; I make the same answer about that as I made about the Department of Statistics of the Department of Agriculture.

Mr. COOMBS. As an illustration, take the mining department. You have to have a legal branch to it. It shows how a person can locate a claim, purely a legal process. It shows the distinction perhaps between mineral land and agricultural land. It shows perhaps—I would not assert, but it is an inference of law anyway—that where a person locates a piece of land under the laws permitting him to locate on agricultural land, and there happens to be mineral land in it, the Government can, in a court of equity, set it aside. Now, it seems to me those are questions with which a Department of Commerce could not deal, with reference to which it would be an entire stranger in the way of interest and in the way of knowledge and equipments.

Take the mineral-lands bill. It is a bill for the purpose of segregating the agricultural and the mineral lands by actual surveys, a determination in advance of the Government departing with its title to individuals for the purpose of assisting miners in determining what they are doing and assisting them in getting a location ostensibly agricultural but including mineral lands. Now, of course, it takes a department like the Department of the Interior to deal with those questions, and you see the department of mining is something more than a statistical department.

Mr. WILLCOX. Undoubtedly.

Mr. COOMBS. And the statistics are subsidiary.

Mr. WILLCOX. I agree with that general proposition.

Mr. COOMBS. I suggest those things in order that the committee may think of it too, before they pass on this question. I am uncertain about it myself.

Mr. WILLCOX. I agree with the general proposition I understand you to make. I believe that the work of statistics has a double aspect. It is related to other statistical work and it is also related to the technical work to which the statistics relate. In other words, the statistics are always statistics of something, and whether the statistical work in a particular subject is more closely related to statistical work on other subjects or to that branch of work to which the statistics relate is always a problem which has to be decided for itself and on which no general principle can be stated.

But I believe that there are branches of general statistical work that can wisely be consolidated, and that are consolidated in the bill that has passed the Senate.

The point that I was insisting on in regard to the difficulty in drawing a line between an agricultural and a manufactured product or between a manufactured and a mining product is this:

That if you draw a line between two departments, as the Department of Agriculture and the Department of Commerce and Labor, at such a point that statistics of agriculture are taken in the Department

of Agriculture and statistics of manufactures in the Department of Commerce and Labor, or if you draw a line between the Interior Department and the Department of Commerce and Labor in such a way that the statistics of mining are taken in the Interior Department, and the statistics of manufactures are taken decennially or quinquennially in the Department of Commerce and Labor, then you have extremely faint and elusive lines of separation. It is possible, and it doubtless will happen, that the Department of Agriculture will extend its field from what the Department of Labor regards as agricultural statistics into what it regards as manufacturing statistics, as in the case of cotton ginning.

It is probable that the Interior Department will extend its inquiry beyond the facts regarding mines and mining into the region of manufactures, as the Department of Labor would interpret those words. There on the border line you will have of necessity a considerable and I fear a growing amount of duplication of work.

The CHAIRMAN. Or of omissions?

Mr. WILLCOX. Yes; omissions. But as the natural tendency of a Government office is rather to extending its own functions, it seems to me that perhaps the danger of duplication would be more serious than the danger of omissions.

Just one or two further suggestions as to the advantages which I think might be secured by such a consolidation. To combine the statistical work of the Government as much as possible in a single office would facilitate greatly the employment of the most modern means of labor-saving machinery. I suppose you know the United States stands head and shoulders above every other country in the invention and utilization of labor-saving machinery for statistical work. Naturally, this has been done in the Census Office, as the greatest of our statistical offices, more completely than in any other office.

If these various devices could be utilized, not merely for the decennial work of the census or the continued work of the census, now it is a permanent bureau, but also for tabulating our statistics of exports and imports and of immigrants, and of labor, it seems to me not unlikely that much more valuable results could be obtained with the same expenditure of money, or that the same results that we now secure could be got more cheaply.

Lastly, if you get a larger number of statisticians working side by side, establishing a certain esprit de corps, establishing a certain body of friendly critics of each other's work, you will get a higher degree of technical ability, because that will be a school for the training of expert statisticians. You will get a higher degree of statistical accuracy, and also a higher degree of interpretative work.

Take the case that has been mentioned—the shipment of goods on the Great Lakes. It seems to me that suggests a weakness in some of the statistical work of the Government; figures are published in many bureaus simply as bald figures without any explanation of what their meaning is, and without an explanation of the qualifications with which they must be taken, and with no interpretation of them. I believe it is the duty of official statisticians not merely to be manufacturers of tables, but also to tell the public as candidly and freely as possible what the figures mean and what they do not mean, how it is safe to interpret them, and how it is unsafe to interpret them.

It seems to me that if you should have such a group of experts you would secure a great deal more of the real meaning of the statistics than the Government is spending so much money to gather.

Mr. LOVERING. Do you know whether cotton seed is classified as an agricultural or a manufactured product?

Mr. WILLCOX. My opinion would be, since ginning is regarded as a manufacturing process, that one of the results of ginning the cotton seed also would be so regarded. But I am not connected directly with the manufacturing division and am not sure what their interpretation of that would be.

(Prof. W J McGee addressed the committee. His statement in full will be found in the proceedings of Monday, March 31.)

MONDAY, *March 31, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

Prof. W J McGEE continued his statement which was begun on Saturday, March 29. His statement in full is as follows:

STATEMENT OF MR. W J M'GEE.

Mr. McGEE. Mr. Chairman and gentlemen of the committee, I do not come before you to advocate or to oppose the establishment of the Department of Commerce, or a Department of Commerce and Labor, but merely to say that I would approve of the establishment of a Department of Commerce. But the point I especially desire to bring to your attention is this, that the establishment of a new department will give an opportunity which seems to me should be utilized for the coordination of the scientific work of the Federal Government.

Now, that is the point that I will try to develop. Let me at the outset explain very briefly the meaning of the diagram which I have placed here upon the wall.

We have a background here showing the area, the population and wealth of the country as they have grown since the establishment of the nation. Our area was a little more than doubled with the Louisiana purchase [indicating on diagram]. This shows the Florida purchase. Then comes the addition of Texas and California, then the Gadsden purchase, and then Alaska was acquired; and within a few years a relatively slight addition has been acquired including the Philippines and Porto Rico [indicating on diagram]. I would like to call your attention to the fact that as rapidly as the area has grown our population from 1790 up to the present time has grown more rapidly.

This line indicates the growth of the wealth of the country. You will observe that the growth in wealth of this country of ours has been more rapid even than the growth of population, which has always outrun the growth in area.

Now, a few words in explanation of these colored lines. In the first place, each separate line stands for one of the scientific bureaus, which I shall define in a moment, its position on the diagram being determined by the amount of appropriation for the past fiscal year, on the scale of \$200,000 to a vertical foot.

You will see that brings the Bureau of Animal Industry, of the Agri-

cultural Department, at the top of the series, and next to that the Weather Bureau (also of the Agricultural Department), and I shall have occasion to call attention later to certain of the details shown in these lines.

Now, Mr. Chairman and gentlemen, in the early days cities grew and their streets were narrow and crooked. Of late intelligent people try to lay out cities, build them in accordance with plans, and the streets are broad and straight, and it does seem to me that the time has come for you gentlemen, and for all citizens of this country who are interested in the scientific work of the Government, to consider whether or not the work should be reorganized.

Let me outline briefly the history of the scientific work of the Government.

SCIENTIFIC WORK OF THE FEDERAL GOVERNMENT.

THE GROWTH OF GOVERNMENTAL SCIENCE.

In 1790, under the immediate influence of Thomas Jefferson, a Patent Office was established to stimulate research by promoting and protecting invention. For many years this office was regarded as a typical American institution of scientific character; but with the opening of new lines of research, and with the general advance of knowledge through which mechanical invention has been raised to an industrial or commercial basis, it has come to be viewed rather as an administrative bureau than a scientific institution. For many years it formed an independent executive bureau; and on the creation of the Interior Department in 1849 it was made one of the leading branches of the new Department.

In 1807 Ferdinand R. Hassler, at the instance of President Jefferson, submitted to Congress a plan for surveying the harbors and coasts of the United States, and in 1811 an appropriation was made under which Hassler repaired to Europe in search of apparatus. His return was delayed by the war of 1812, but work was well under way by 1820, and long before his death, in 1846, the United States Coast Survey was known throughout the world as an important American institution of science. In the absence of any better place, and by reason of prospective relations to commerce, the survey was assigned to the Treasury Department, where (save for a temporary transfer to the Navy Department in the thirties) it has since remained. Under the ceaseless stimulus of national growth the survey increased greatly in activity and importance; geodesy was added to its functions and title, and lines of geodetic measurement were carried into the interior and across the continent; it has become customary to extend topographic surveys some distance inland from harbors and shores; and an office of weights and measures (which has just been organized as a Bureau of Standards) was developed. The survey corps includes experts in every branch of practical surveying, as well as in astronomy, geodesy, hydrography, magnetism, mathematics, topography, etc. A force of draftsmen, engravers, and map printers is employed, and several vessels are owned and navigated in the conduct of the work.

In 1819 Surgeon-General Ruggles, U. S. A., devised a system of meteorologic observation and required officers of army posts under his command to record rainfall, temperature, etc., thus inaugurating the scientific work now carried forward in the United States Weather

Bureau. On the founding of the Smithsonian Institution Professor Henry and several collaborators cooperated in the work, and some of the more important tabulations and discussions of climate and weather ever published were made in or through the Smithsonian. Later the work was reorganized in the Signal Office, and under the successive direction of Generals Myer, Hazen, and Greely the world's foremost meteorologic institution was developed in this branch of the War Department. In 1891 the work was transferred to the Agricultural Department and put on a civilian basis, and under the vigorous administration of the last decade the Bureau has expanded greatly and extended operations along many lines. Its present work includes weather prognostication, measurement of rainfall and floods, reporting of crops, researches in terrestrial magnetism, and general inquiries into the laws of weather and climate. The corps includes experts in meteorology, magnetism, hydrography, agriculture, etc. A plant and force are maintained for engraving, lithographing, and printing.

About 1825 a depot of charts and instruments was created in the Navy Department, and under the influence of Maury, Guyot, and other leaders in American science the instruments stored in the depot were utilized in astronomical observation. Gradually the depot was enlarged and special apparatus was acquired (the charts being transferred to the Hydrographic Office) until the germ grew into a national observatory located on the public square dedicated by President Washington as a site for a national university. Here a number of eminent astronomers worked with such effect as to place America in the front rank among nations engaged in scientific activity. The lines of work multiplied with growing demands. In 1849 a Nautical Almanac Office was erected, and provision was made for conducting the essential work in Cambridge in connection with Harvard University. About 1880 provision was made for transferring the plant and corps of the observatory in Washington to a site beyond the reach of earth tremors due to urban activities, where it now stands complete and well supplied with high-grade astronomical apparatus; and the Nautical Almanac Office, which was transferred to Washington in 1877, is now housed in and made a part of the observatory establishment. Especially during the last decade the work of the observatory has suffered from dissensions between the respective advocates of naval and civil administration, and a commission of inquiry has recently recommended that the institution be reorganized under a civilian head. The observatory corps includes experts in astronomy, mathematics, and collateral branches of science.

During President Jackson's administration (1836 and later) a clerk in the Patent Office was employed to obtain seeds from abroad and distribute them among the farmers and fruit growers of the United States, with the object of improving American agriculture, and in 1839 the Commissioner of Patents, Henry L. Ellsworth, obtained a small appropriation to increase the work. The work proved popular and grew steadily. On the creation of the Interior Department the office was transferred to it, and here agricultural statistics were collected and classified and special experiments were undertaken. In 1862 the office was enlarged into an executive bureau in organization, a department in name; in 1888 it was made an executive department, and in 1893 was given full departmental status and functions by placing the Secretary of Agriculture in the line of Presidential succession. During the

last dozen years the Department has grown vigorously and opened many new lines of scientific activity, so that to-day it far outranks all other scientific institutions in the extent and importance of its work. It comprises the Weather Bureau, the foremost meteorologic office in the world; the Bureau of Animal Industry, the largest existing institution of its class; the Bureau of Plant Industry; the Bureau of Forestry; a Bureau of Chemistry; a Biological Survey; a great Office of Agricultural Experimentation; an Office of Road Inquiry; a Division of Statistics; a Division of Entomology, the largest of its kind in the world; a Division of Soils, and special offices charged with researches in vegetal pathology, irrigation investigations, etc. In addition to the specialists of the Weather Bureau, the corps includes several hundred experts in various branches of agriculture, as well as in animal husbandry and pathology, bacteriology, biology, botany, chemistry, forestry, ornithology, soil physics, statistics, etc.

The Wilkes exploring expedition of 1838 and later years made considerable collections in natural history, geology, ethnology, etc., which were deposited in the Patent Office building; and in 1846 Congress established "The National Cabinet of Curiosities" to include this and cognate material. The collections passed with the Patent Office into the Department of the Interior, and were subsequently transferred from the office in the Interior Department to the Smithsonian Institution, where they were added to a nucleus of museum material contributed by army expeditions and derived from other sources. They were augmented in connection with the Centennial Exposition in Philadelphia (1876), and in 1879-1881 the present National Museum building was erected to accommodate the material. Since the transfer the Museum has remained under the direct control of the Smithsonian Institution, while a general law provides that collections made by the Government shall be turned over to it for preservation.

In this way rich contributions have come from the Army and Navy, the Interior Department, the Fish Commission, the Bureau of Ethnology, the Census Office, and especially from the Department of Agriculture, and the collections obtained thus, as well as by direct purchase, have quite outgrown the capacity of the present building. About 1885, a few living mammals, birds, and reptiles were added to the Museum stock, partly as exhibits, partly as objects of study, and in 1890 Congress made provision for a National Zoological Park, of which these animals formed the nucleus. This establishment has been well supported under the direction of the Smithsonian Institution, and has maintained a steady growth. The corps employed in the Museum and park comprises experts in biology, ethnology, geology, mineralogy, etc.

In 1826 James Smithson, of England, made a conditional bequest "to the United States of America to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge among men," which became effective on his death, in 1829; but it was not until 1838 that the fund (then amounting £104,960 8s. 6d.) was actually realized, and not until 1846 that the Institution was founded under the plans of Joseph Henry. The establishment so created immediately became an important factor in scientific progress; researches were instituted in meteorology, electricity, and magnetism, archeology, geology, and paleontology, and several other lines—indeed, the Institution soon became the clearing house of

governmental science. To it the "National Cabinet of Curiosities" was transferred, to grow into the National Museum and branch into the National Zoological Park; within it the germs of the Weather Bureau, the Geological Survey, and other branches of the scientific service took shape; and since the middle of the nineteenth century there has been a strong tendency, both at home and abroad, to view the Smithsonian as the leading American institution of science.

Under the second secretary, Spencer F. Baird, special attention was directed to the food fishes of our international waters and adjacent seas, and in 1871 the United States Fish Commission was created as an adjunct to the National Museum. The work increased in extent and importance, and in 1888 the Commission was made an independent executive bureau. On the reorganization of several Western surveys in 1879, the ethnologic work and material of the surveys (especially that of the Rocky Mountain region) were turned over to the Smithsonian, and the Bureau of Ethnology was instituted to continue researches among the North American Indians. This work grew in extent and importance, and in 1897 the field was so extended as to include all the American aborigines. Under the third secretary, Hon. S. P. Langley, special attention was devoted to certain lines of physical research, and in 1892 provision was made by Congress for maintaining an astrophysical laboratory at the public cost. The National Museum, the National Zoological Park, and the Bureau of American Ethnology remain under the control of the Smithsonian Institution, while the Astrophysical Laboratory represents in large measure the personal work of the secretary of the Institution.

The nineteenth century was inaugurated by the American Republic with a brilliant exploration—that of Lewis and Clark—which was followed by many others of hardly less importance, largely under the leadership of army officers; and during the second third of the century these were supplemented by a notable series of Pacific railway surveys. At the outset the chief purposes were exploration and reconnaissance, but astronomers, cartographers, geologists, and other experts were gradually enlisted and the work grew into systematic surveys. In 1834 Featherstonehaugh made a geological reconnaissance, and in 1839 David Dale Owen was commissioned to make a geological survey of the Upper Mississippi Valley. In 1848 J. W. Foster and J. D. Whitney began a geological survey of the Lake Superior region, and in 1853 Jules Marcou was employed as geologist on the Pacific railway surveys of the thirty-fifth parallel, and assumed the title of United States geologist. Most of the explorations and surveys were interrupted by the civil war, to be renewed later with increased energy; meantime certain of the collections were transferred to the Smithsonian Institution, where the paleontologic material was studied critically by F. B. Meek and F. V. Hayden, and in 1867 the latter was put in charge of general surveys, which grew into the United States Geological and Geographical Survey of the Territories under the Interior Department.

In the same year (1867) Clarence King started the United States Geological and Geographical Survey of the Fortieth Parallel under the War Department; and J. W. Powell organized an expedition to the headwaters of the Colorado which was sanctioned by the Smithsonian Institution and in 1871 became the United States Geographical and Geological Surveys of the Rocky Mountain Region of the Interior

Department. In 1871, also, certain explorations of George M. Wheeler, of the Corps of Engineers, U. S. A., assumed the character of scientific surveys known later as the United States Geographical and Geological Surveys West of the One Hundredth Meridian, under the War Department. The four surveys worked vigorously, and introduced a new era in the science of geology as well as in geographic work. In 1879, after a notably full consideration by Congress and the Executive, the organizations were united in the present United States Geological Survey, which was made a bureau of the Interior Department; and two years later its field was extended from the territories and public lands to include the entire domain of the United States.

At first the geologists were embarrassed by the absence of suitable maps. Accordingly a topographic survey was developed in the Bureau, and the operations of both geologic and topographic branches were carried forward with such energy that the institution rose to the first rank among the geological surveys of the world. The researches in paleontology, mineralogy, chemistry, physics, and statistics were organized in strong divisions, and about 1890 important work was begun in hydrography, with special reference to irrigation. To facilitate the making of topographic and geologic maps, a division of engraving was developed, and this has risen to high rank among the map-making establishments of the world. The corps includes experts in geology, paleontology, mineralogy, chemistry, statistics, certain branches of physics, astronomy, mathematics, geodesy, hydrography, soil studies, engraving, etc.

Among the earliest provisions of the United States Government was one for enumerating population, and Federal censuses have been taken decennially since 1790. At first merely numerical, the successive censuses have grown more elaborate. The statistics and tabulations have extended to social, industrial, and commercial conditions, and the inquiries and discussions have assumed scientific character. Rapidly as the census work has grown, it has, nevertheless, failed to keep pace with the needs of citizens and Government, and collateral lines of statistical inquiry have been opened. The Federal work has been carried forward in the Bureau of Statistics of the Treasury Department, which is concerned chiefly with commerce; the Division of Statistics in the Department of Agriculture, occupied primarily with agricultural production; the Division of Statistics in the Geological Survey (Interior Department), devoted especially to mineral production; the statistical branch of the Weather Bureau (Agricultural Department), occupied mainly with crops and conditions connected therewith; and the Department of Labor, engaged in industrial researches.

The several Federal agencies are coordinated with those of States and municipalities conducting census inquiries at intermediate five-year periods or at other times. This multiplication of lines and periods of statistical inquiry has led to a plan for a permanent census bureau. The Federal censuses have been made by practically independent bureaus, though during recent decades they have been connected with the Interior Department; and when Congress authorized the establishment of a Bureau of Labor, in 1884, it was placed in this Department. In 1888 this Bureau was transferred from the Interior Department and erected into a nominal department of the Government known as the "Department of Labor." The work has been conducted with discre-

tion and success by the Commissioner, Carroll D. Wright, who has introduced scientific methods and diffused information of inestimable value.

Since the separation of the Fish Commission from the Smithsonian Institution and its erection into an independent executive bureau in 1888, its growth has continued and its operations are constantly extending. The corps includes experts in ichthyology, as well as in various branches of biology, and several vessels, besides smaller water craft, are owned and navigated by the Bureau.

The Bureau of Standards was segregated from the Coast and Geodetic Survey in 1901, though the Bureau remains in the Treasury Department, and provision was made for the erection of a separate building; and, although the corps can not be organized pending the completion of the building, it must include experts in physics and perhaps in chemistry, as well as in metrology.

Concurrently with the growth of these bureaus much scientific work has been done by commissions, as well as by technical and other branches of the public service, the contributions of the Mississippi River Commission, the Corps of Engineers of the Army, and the Hydrographic Office of the Navy being especially noteworthy. This less specialized scientific activity has grown nearly as rapidly as that of the organized bureaus.

Review of the growth of governmental science reveals several noteworthy facts, of which a few may be noted:

1. The development of scientific work has been enormous since the indirect beginning with the patent system and census inquiry of 1790, or the direct beginning with an appropriation of a few hundred dollars for coast-survey apparatus in 1811, to the present wealth of a score of bureaus, including an entire department or two, maintained at a cost exceeding \$10,000,000 annually.

2. The development has proceeded largely through the creation of special bureaus to meet special needs, though partly through a general diffusion of scientific methods and appliances in the administrative departments.

3. The growth of scientific institutions has been so vigorous as frequently to break over departmental barriers. The Coast Survey remains in the department to which it seemed to pertain on its creation, and the Astronomical Bureau remains in the department in which the work incidentally began; but the Weather Service passed practically from the Medical Office of the Army to the Smithsonian Institution and thence to the Signal Office of the Army before it became a civilian bureau in the Agricultural Department. The Museum originated in the Patent Office and helped to create the Interior Department before it was transferred to the Smithsonian. Several of the earlier geological surveys also had nominal connection with the Patent Office (though most of the work was carried forward under Army direction), and two great surveys in the War Department, with two others in the Interior Department and collateral researches in the Smithsonian, were merged in the present Geological Survey in the Interior Department; even the Agricultural Department itself began with a single desk in the Patent Office, and afterwards contributed to the establishment of the Interior Department before the office assumed independent departmental organization.

4. The growth of governmental work in science was greatly accelerated with the establishment of the Agricultural Department. When

the office was raised to departmental status in 1888, there were ten bureaus and a few special divisions engaged in scientific work. To-day there are twenty better supported bureaus, with many special divisions, i. e., the growth in the thirteen years of the Department's existence has exceeded that of the preceding century of American development. Although only a single full-fledged bureau (the Weather Service) has thus far been transferred from other departments, the Agricultural Department now comprises one-third of the scientific bureaus maintained by the Federal Government. Excluding the Census Bureau, some three-fifths (or, including it, about one-half) of the appropriations made for the maintenance of scientific work are expended under this Department and fully two-thirds of the actual investigators employed by the United States in the promotion of knowledge for human welfare are attached to this Department.

PRESENT DISTRIBUTION OF THE WORK.

The scientific bureaus maintained by the Government with the appropriations for the fiscal year ending June 30, 1902, may be classified as follows:

Treasury Department:

Coast and Geodetic Survey, O. H. Tittman, superintendent.....	\$805,345	
National Bureau of Standards, S. W. Stratton.....	142,140	
Bureau of Statistics, O. P. Austin, chief.....	60,750	
		\$1,008,235

Navy Department:

Naval Observatory, Capt. C. H. Davis, superintendent....	64,890	
Nautical Almanac, W. S. Harshman, director.....	22,900	
		87,790

Interior Department:

Census Office, W. R. Merriam, Director.....	3,523,010	
Geological Survey, C. D. Walcott, Director.....	960,770	
		4,473,780

Department of Agriculture:

Office, etc., Hon. James Wilson, Secretary.....	115,590	
Weather Bureau, W. L. Moore, chief.....	1,148,320	
Bureau of Animal Industry, D. E. Salmon, chief.....	1,154,030	
Bureau of Plant Industry, B. T. Galloway, chief.....	496,680	
Bureau of Forestry, Gifford Pinchot, chief.....	185,440	
Bureau of Chemistry, H. W. Wiley, chief.....	35,800	
Biological Survey, C. Hart Merriam, chief.....	32,800	
Division of Statistics, John Hyde, chief.....	141,160	
Division of Soils, Milton Whitney, chief.....	109,140	
Division of Entomology, L. O. Howard, chief.....	36,200	
Office of Experiment Stations, A. C. True, director.....	789,000	
Office of Road Inquiries, Martin Dodge, director.....	20,000	
Vegetable Pathology, etc., E. F. Smith in charge.....	60,000	
Irrigation Investigations, Elwood Meade in charge.....	50,000	
Miscellaneous.....	203,260	
		4,577,420

Detached:

Fish Commission, George M. Bowers, commissioner.....	486,620	
Department of Labor, Carroll D. Wright, commissioner..	177,980	
		664,600

Smithsonian Institution:

Astro-physical Laboratory, Hon. S. P. Langley, secretary..	12,000	
National Museum, Richard Rathbun, assistant secretary..	267,400	
National Zoological Park, Frank Baker, superintendent..	80,000	
Bureau of Ethnology, J. W. Powell, director.....	50,000	
International Exchange.....	24,000	
		433,400

11,245,22

These appropriations include provision for rental in several cases, and limited amounts for building in one or two instances; except incidentally they do not include provision for printing, binding, etc., though a relatively large part of the \$4,892,000 appropriated for the public printing and binding is consumed by the scientific offices.

The distribution of the work is less definite than the designations of the bureaus would indicate. Thus, astronomical work is carried on not only in the Naval Observatory and the Nautical Almanac Office of the Navy Department, but also in the Coast and Geodetic Survey of the Treasury Department and the Geological Survey of the Interior Department, as well as in the Smithsonian Institution; while expert work in physics, including magnetism and allied branches, is conducted in the Coast and Geodetic Survey, the Geological Survey, the Smithsonian Institution, the Naval Observatory, prospectively in the new Bureau of Standards, and incidentally in other bureaus.

Similarly, chemical researches are conducted and the requisite laboratories are maintained in the Agricultural Department, the Geological Survey, and the National Museum, while certain chemical work will be required in the Bureau of Standards. In like manner various branches of biologic work will be conducted in the Biological Survey and other branches of the Department of Agriculture, in the Fish Commission, in the National Zoological Park, and, to some extent, in the forestry work of the Interior Department, while cognate researches in paleontology are carried on in the Geological Survey. So, also, topographic surveys are made, by more or less discrepant methods, in the Coast and Geodetic Survey and in the Geological Survey; while stream gauging and other hydrographic work connected with irrigation and floods is done independently by the Geological Survey, the Weather Bureau, and the Irrigation Office of the Agricultural Department, as well as by agencies connected with the War Department. The overlapping of function is especially conspicuous in connection with statistics; the leading agency is the Census Office of the Interior Department, but allied work (in which identical or related instrumentalities are independently employed) is conducted in the Division of Statistics of the Agricultural Department, in the Division of Statistics of the Geological Survey, in the Bureau of Statistics of the Treasury Department, in the statistical branch of the Weather Bureau and Fish Commission, and in some measure in the Department of Labor.

The overlapping (or incomplete division) of work among scientific institutions leads to more or less duplication of property. Most of the bureaus maintain separate office establishments, with the requisite apparatus and material, furniture, etc., and such property is commonly acquired and used in each office with little regard to possible advantages of cooperation with other offices. The triangulation and topographic parties of the Coast and Geodetic Survey, the experts of the Agricultural Department, the field parties of the Geological Survey and the Bureau of Ethnology, and other parties engaged in field operations, independently purchase or employ stock, vehicles, etc., with sole regard to immediate facilities and little thought of those public interests which might be subserved through joint or common ownership. Similarly, the Coast and Geodetic Survey and the Fish Commission separately own and navigate vessels in the same waters during differing seasons, while vessels are occasionally employed independently in other branches of the service.

This overlapping of work and duplication of property may or may not involve waste, but the fact remains that any overlapping or duplication represents incomplete coordination of effort, incomplete organization of work. Furthermore, the multiplication of related lines of work and property in the governmental departments tends to transfer the coordination and adjudication of expenditures from the administrative officers especially conversant with the work to accounting officers who may or may not appreciate the conditions and requirements of the special duties of the scientific bureaus and parties. The current accounts for expenditures connected with scientific work are examined by four out of the six auditors of the Treasury, each acting in accordance with his own standards. In every scientific bureau the feeling frequently arises that the auditors' requirements and restrictions, based largely on precedent as they are, tend to obstruct that freedom of action which is requisite to progress in research and in making new applications of knowledge; and it would seem evident that the administration of the scientific work would be simplified and increased in effectiveness if a larger power of interpretation of laws and regulation of studies were vested in the administratives charged with the special work, and if the scrutiny of accounts connected with such work were intrusted to a single auditor, who would naturally come to appreciate the distinctive requirements of these constructive branches of the Government service.

A PLAN FOR COORDINATING THE WORK.

The governmental scientific institutions are the product of spontaneous growth. At no stage have they been shaped and adjusted to each other by design or deliberate intention, and the interlacing of branches and overlapping of functions at once attests the mode of growth and suggests the need of correlating the several lines of work in accordance with a definite plan. Various facts combine to indicate that the time is ripe for such readjustment of the scientific work of the Government as may be required to bring the several lines into harmonious relation. Among others impressed by this condition is the Chief Magistrate, who has recommended to the Congress (1) that "the scientific bureaus generally should be put under the Department of Agriculture;" (2) that "there should be created a Cabinet officer, to be known as Secretary of Commerce and Industries," and (3) that "for the sake of good administration, sound economy, and the advancement of science the Census Office as now constituted should be made a permanent Government bureau;" and these recommendations are supplemented by that of the honorable the Secretary of the Navy, repeating the findings of a special commission and urging that the National Observatory be placed under civilian control. These utterances, coupled with the facts out of which they grew, have awakened active interest in our administrative mechanism on the part of the legislative branch of the Government, as shown by the introduction of numerous bills relating to such matters during the opening weeks of the Fifty-seventh Congress.

In proposing a plan for coordinating the scientific work it may be premised that the desiderata to be weighed are (1) necessity for the work; (2) efficiency of prosecution, and (3) economy of administration.

1. It may be assumed that the varying yet ever-growing needs for scientific work, either in general or along particular lines, will be justly

weighed in the future, as they have been in the past, by administrative officers (including the Executive), in conjunction with the Congress acting in committee and in session.

2. It seems evident that high efficiency in the work can be attained only through competent administration; and it would seem equally clear that the best measure of efficiency would be attained by gathering the scientific and technical work under not more than one or two Cabinet officers especially interested in its prosecution, with the requisite expert administratives and accounting officers, all especially familiar with that work and especially charged with its execution. Thus the securing of efficiency may be considered a purely administrative function.

3. It seems evident that economy of administration can best be attained by a systematic arrangement of the work in such manner as to concentrate all available force on particular lines without needless distribution of energy, overlapping of duty, or duplication of property. In weighing the details involved in the scientific work it may be assumed that the factors of cost are, in the order of magnitude from greater to less, (*a*) compensation, (*b*) field, laboratory, and office expenses, and (*c*) materials, etc.; so that the first requisite for economy of administration would seem to be avoidance of that duplication of special work in different bureaus which has become so conspicuous during a century's growth of governmental science; and it seems clear that this and other actual or possible extravagances could best be held in check by administratives especially charged with the prosecution of scientific and technical work. Manifestly the regulation of the multifarious details involved in economical administration is beyond the reach of Congressional committees and sessions; for although the national legislators of the present and future, like those of the past, will doubtless appreciate fully the needs of the scientific bureaus and the demands of the people for scientific work, they are unable to exercise that continuous oversight required for successful administrative control.

In view of these and other considerations, it would seem evident that the coordination of the scientific work of the Government should be regarded as primarily an administrative or executive duty; and these considerations lead to the proposition that any contemplated legislation in the premises be so framed as to entrust the departmental assignment of the scientific work to the President.

On reviewing the departments to which the scientific work might properly be assigned, two seem especially worthy of consideration, viz, the Department of Agriculture and the prospective Department of Commerce. The latter assumes prominence through provisions for transferring to it certain scientific bureaus, such as the Bureau of Statistics, the Census Bureau, the Coast and Geodetic Survey, the Department of Labor, etc. It seems probable that some, at least, of these might be placed with advantage in the prospective Department, yet it is not to be forgotten that the new department properly represents new and growing needs, that its work must be largely new, and that its field will be ample without encroachment on the work of other departments. It is natural for advocates of the Department of Commerce to magnify its office and reach out for cognate branches of work, but this natural tendency is rather to be avoided than encouraged.

Of the Department of Agriculture it is to be said that it is already

a great department of science—indeed, the foremost scientific institution in the world—that the greater part of the scientific work of the Government is already conducted within it; that under its fostering care our scientific work has quintupled, and has been applied to public welfare many times more effectively than ever before; that the scientific workers in this Department are freer from restrictions of precedent than those of any other branch of the Government, and that the concentration of scientific work in this Department has proved beneficial in all ways and injurious in none. In view of these considerations, it would seem clear that the scientific work of more special character should be transferred to the Department of Agriculture, and that this branch of the Government should be recognized as our national department of science, pure and applied, but that scientific inquiries of more general character might advantageously be conducted either in the proposed Department of Commerce or in the departments to which they are at present assigned.

Accordingly it is suggested that the Senate act (569) to establish the Department of Commerce and Labor be amended by adding in section 8, page 7, line 20, the following provision:

And provided further, That the President shall be authorized, at his discretion, during the fiscal year ending June thirtieth, nineteen hundred and three, to transfer any of the scientific or technical bureaus of the Government to the Department of Commerce and Labor or to any other department.

Should this provision appear either to curtail the obligations and privileges of the legislative department or to impose an excessive burden on the Executive, the following may be suggested as a substitute:

And provided further, That a commission on scientific work be created consisting of five persons conversant with the scientific work of the Government, of whom one shall be designated by the President, two by the President of the Senate, and two by the Speaker of the House of Representatives, who shall inquire into the organization and conduct of the scientific and technical bureaus of the Government; and the President shall be authorized on the recommendation of this commission, during the fiscal year ending June thirtieth, nineteen hundred and three, to transfer any of the scientific or technical bureaus to the Department of Commerce and Labor or to any other department.

The CHAIRMAN. Suppose you had the power to reorganize these bureaus; give to the committee an outline of what you would do, where you would place them. Supposing the Department of Commerce is to be established, what should be there; what should be in the Agricultural Department; what should be permitted to remain where it is?

Mr. McKEE. I should like very much to answer the question specifically, partly to indicate I have given careful and honest consideration to the whole subject; but I trust the chairman will allow me to say that it seems to me that it would surely divert attention from what I consider to be the main issue if I were to seek to outline the plan that it seems to me ought to be followed.

The chairman will remember that I can speak but as an individual, and my contention is that the subject is a large one; it is a subject of great importance; it is a subject of such importance as to be worthy the attention of the President and his Cabinet during the whole fiscal year, or of such magnitude as to be worthy of the attention of a special commissioner and then of the President and his Cabinet during the fiscal year for final assignment. It really seems to me that any suggestions I might offer would be so superficial, although I have considered the matter, that it would be best not to make specific suggestions.

The CHAIRMAN. Of course as you please; but it would be, I think, of some advantage to us. You have given careful thought and study to it. Probably few members of this committee have had the inclination to very seriously and judiciously consider the subject.

Now, I confess that you have named scientific bureaus or divisions that I did not know we had, and I do not know but what other gentlemen of the committee have been equally startled.

Mr. MCGEE. I think, Mr. Chairman, that I can appreciate the condition. I quite appreciate the fact—and it is my appreciation of the fact which has led me to consume so much of the committee's time—that the carrying on of the scientific work of the Government has become elaborate, complex, and not very well understood, and, as I am disposed to say, not very well organized; but I should greatly prefer, if the committee would permit me, to stick to my main contention, which is that the whole subject is worthy of the most thorough and hearty investigation, and to remind, if you please, gentlemen, that my constructive suggestions are directed especially toward securing that consideration which, it seems to me, the whole subject demands.

Mr. MANN. I should judge from your statements that your proposition would involve the possible transfer of the Smithsonian Institution and the Bureau of Ethnology and those scientific departments.

Mr. MCGEE. With respect to the Smithsonian Institution proper it seems to me it could not be transferred, since it is not altogether a public institution. The Smithsonian foundation was originally a private endowment.

Mr. MANN. But still it might be placed in one of the Departments.

Mr. MCGEE. Yes. I see no reason why it should not be done.

Mr. MANN. That is what I mean. Your suggestion covers the possible consideration of all of those bureaus as well as those named.

Mr. MCGEE. It seems to me all these possibilities should be carefully considered.

Now, Mr. Chairman, if you agree that it would perhaps divert attention from the main issue if I were to take up the specifications in detail, I want to say a word or two in order that my position may not be at all misunderstood. You will understand that I am not criticising the scientific work of the Government as now conducted. It does seem to me it is not as well organized as it ought to be, but the great fact remains that the scientific work of the United States Government is incomparably the foremost and the finest in the world.

The work has been conducted in such manner as to win the admiration of the world and of all other nations. Take, for example, the Bureau of Animal Industry of the Agricultural Department. It is the foremost institution of the sort in existence, by far. Take the Weather Bureau; that is another bureau of the Agricultural Department. It is the foremost meteorological institution in the world. Take the Geological Survey, with which I was connected for some years. It has no parallel anywhere on the globe.

Indeed, to give an instance of the faith that is in me, something like a dozen years ago we had an international congress of geologists in Washington, attended by many of the representative geologists of the world. We found that the science of geology had taken such strides in this country that our fellows from abroad hardly understood the principles which we were discussing.

Take the Coast and Geodetic Survey. Its work is the finest in the

world in many respects. It is setting standards which are pursued in other countries.

Take, if you like, the Naval Observatory—the Naval Observatory and Nautical Almanac Office. Computations have been made there of the elements of the solar system. They have been computed in such a way that the nautical almanacs of the world are based on the work of our observatory, and the shipping of the world is directed in its course by these determinations.

So you see, Mr. Chairman, that I am in no way disposed to underestimate the importance and the excellence of the scientific work of our Government. It is beyond compare. But, like other scientific men, I should like, if possible, to see it made still better, still more efficient, so that the fame of this country of ours for its activity in scientific work shall become no less than our fame and prestige due to our industrial development.

Mr. Chairman, I thank you very much for the opportunity of thus addressing you.

Mr. COOMBS. You have an idea that there should be a classification of these bureaus that is not contemplated by this bill—not provided for by the bill?

Mr. MCGEE. It seems to me so, sir.

Mr. COOMBS. That classification should be upon a scientific basis and each department should be assigned with reference to its character. For instance, you take the Geological Department. What allied interest has that with the Agricultural Department?

Mr. MCGEE. The Geological Survey?

Mr. COOMBS. Yes.

Mr. MCGEE. There are several lines of work which are conducted at the same time in the Geological Survey and in the Agricultural Department. Take, for example, the hydrographic work. In the Agricultural Department there is an important division of hydrography. In the Geological Survey one of the main branches of the bureau is the hydrographic branch.

Mr. COOMBS. Does that necessarily belong to the Agricultural Department?

Mr. MCGEE. I would hardly like to say confidently whether it might be conducted better under the Interior Department or under the Agricultural Department. I merely say the work is now being done under the two Departments—the Agricultural Department and the Geological Survey of the Interior Department. That is an illustration of the duplication of work.

I may mention one other point, Mr. Chairman, that seems to me of prime importance in this connection, and that is this: The Geological Survey is engaged in classifying the rock formations, and not only the rock formations but the soils of the United States, as one of its warrants for existence; but the Agricultural Department has an important soil survey, and one of the important bureaus of the Agricultural Department is the Bureau of Soil Investigation, and it does seem to me that the whole subject of soil investigation should be in one department or another, and wheresoever it is conducted that that bureau—that soil bureau—should become a nucleus for scientific activity, for scientific thought, a center about which the ablest students of soil studies in the world should be brought together. It seems to me that this is one of the cases that is especially worthy of the consideration of this committee in the present connection.

The CHAIRMAN. Have those studies of hydrography possible relation to the subject of irrigation as it is being studied now?

Mr. McGEE. Decidedly, Mr. Chairman. One of the objects of the hydrographic work in the geological survey at the outset was to make measurements which would be used in connection with irrigation problems.

The CHAIRMAN. Would that then belong to agriculture?

Mr. McGEE. It seems to me that it might very well be considered as belonging to agriculture.

I have said nothing on the subject of forestry, Mr. Chairman, partly for the reason that Mr. Pinchot, the head of the Bureau of Forestry, is, I believe, to address you shortly; but I have mentioned a few of the directions in which the work of the Agricultural Department and the work of the Geological Survey are so related that they are practically identical. And if it were deemed worth while by the committee I might take up similar instances with respect to various other scientific bureaus.

The CHAIRMAN. We would be glad if you would give us those instances.

Mr. McGEE. I will give you at least one other instance touching on another bureau which is, I believe, mentioned in the bill before you for consideration. The Coast and Geodetic Survey of the Geological Survey is engaged in making topographical surveys and issuing topographical maps. They are maps, I may say in passing, of a high degree of excellence. They are giving us, indeed, a better map of the country than can be found in any other part of the world, better in the matter of accuracy of detail and in many other respects. But the Coast and Geodetic Survey is engaged in some measure also in topographical work, for the surveys of that Bureau are not confined strictly to the coast; they extend their surveys some distance inland. Moreover, as a guide to the topographical work, the Geological Survey is engaged in geodetic work, that is, in triangulation, of a high order, the determination of latitudes and longitudes all over the country. That is a high degree of refinement. But the Coast and Geodetic Survey is doing exactly the same thing.

The Coast and Geodetic Survey has completed one line of transcontinental triangulations, all the way from the Atlantic to the Pacific, in which they have measured with a high degree of accuracy latitudes and longitudes of various points. If we take into account the topographical work and the triangulation work or the geodetic work of the two bureaus we see that the work is in considerable measure duplicated. It is perfectly true that there is, Mr. Chairman, so far as I am aware, the warmest sort of feeling and the heartiest cooperation between the two organizations, but the great fact remains that the two organizations are more or less independent, doing precisely similar work, and the question in my mind is whether that is advantageous.

Mr. MANN. Let me ask you about that. That has been admitted so often. Is it a very possible benefit to science to have that class of work verified by having two distinct and separate Government departments working upon the same proposition to see whether they agree in the end?

Mr. McGEE. I should say not, Mr. Chairman; I should say that the verification is not required, and I should illustrate it by the policies pursued by those two surveys. From the beginning the officers of the

Coast and Geodetic Survey have had a feeling that their work is of a little higher order, of a little higher mathematical refinement, than the work of the Geological Survey. There is no doubt as to its excellence; none at all. So that the officers of the Geological Survey are always, so far as I am aware, perfectly ready to accept the determinations of the Coast and Geodetic Survey.

But my point is this: That the determinations of the Coast and Geodetic Survey do not require verification even when the work is done in the same way, even when the instruments are operated in the same way and operated by men of equal training. There is no need of the verification of that work done by the Coast and Geodetic Survey; indeed, it is the best work of the kind done in the world; but when the Geological Survey undertakes to do triangulation in a region in which the Coast and Geodetic Survey has not entered, it is of equal excellence within certain limits. There is a mutual stimulation growing out of emulation, if you please, on the part of the two bureaus; but it seems to me, Mr. Chairman—and I speak with a great deal of experience—that that spirit of emulation is stirred just as much between men in the same bureau as it is between bureaus under the same government. So it seems to me that is not an important consideration. On the contrary, I am of the opinion that it would be better in many respects for the work to be done independently in each of the bureaus.

And just a word more in respect to that work. As I have said, the Coast and Geodetic Survey is producing maps, but the Soil Bureau of the Department of Agriculture is also engaged in producing maps. It must produce maps in order to get its results before the people, and, so far as I am able to judge, there is some duplication of work in this direction. You will understand, Mr. Chairman, I repeat over and over again, I am not criticising the way in which the work is done. It is done in an eminently satisfactory way, but, as I say, it seems to me it might be done with somewhat greater efficiency.

I thank you for the opportunity of addressing you.

I had hoped that you might ask Mr. Pinchot to speak on behalf of the Bureau of Forestry or in behalf of the scientific work in general.

STATEMENT OF MR. G. PINCHOT, CHIEF OF THE BUREAU OF FORESTRY OF THE AGRICULTURAL DEPARTMENT.

MR. PINCHOT. Mr. Chairman and gentlemen of the committee, Mr. McGee has gone over the ground in a way that makes it perfectly superfluous for me to do more than mention a half dozen points in corroboration of what he has said.

In the first place, the development of our foreign trade from the point where we are now has got to depend very largely upon the scientific work that the Government does and upon which any development of that sort must be based. In other words, our commerce has got to be followed up by corresponding increase of scientific information here, and the time is consequently ripe, or overripe, for a correlation of these bureaus in the way Mr. McGee has outlined.

And I want to add this: That in addition to the saving that would be made by such systemization as he has mentioned by the avoidance of duplication and consequent loss of effectiveness and consequent increase of expense for our Government work—it has cost us more, as he says, it is admirably well done, but it costs more than needed

on account of the duplication of work going on—there is in every reorganization and perfecting of allied lines of work not merely a gain in economy and a gain by the correlation of the lines of work, but there is an immense gain in the stimulus to the work—you may call it an unearned increment—every time you put together a lot of diversified interests that have been working separately, just as in the case of commercial combinations—you get not only the palpable and evident increase in the savings, and so on, but you get an added increase in the efficiency and cleanness with which the work is done, which in many cases is the most important feature. And that in our scientific work is going to be one of the greatest questions, it seems to me, that can be looked forward to in this proposed reorganization. You gain in quality and quantity of effectiveness, especially through this unearned increment that I have spoken of.

The subject is so large a one that even Mr. McGee, whose knowledge is second to no one's, has hesitated to indicate along which lines it ought to be carried out. It seems perfectly evident to the rest of us, who know less than he does, that the subject is too large a one to be handled except through very careful and prolonged study.

It is a matter where harm might be done by hasty work or by decisions not fully based upon a knowledge of the facts, and therefore preeminently one where long consideration is needed in the lines I speak of. It is just exactly as in the case of a platform. You do not make a platform by a whole convention; you make a platform by a committee, which is submitted to the convention. His plan corresponds exactly to that. And consequently, therefore, it seems to me far too early to enter into the details of the plan along which these different lines of work ought to be coordinated. That they ought to be so and that the thing is very pressing has already been fully illustrated.

I would like to mention just one other point, showing how naturally the present condition of affairs has been brought about, how inevitably, and yet how unfortunate it is in some respects, and that is in connection with the work I am especially interested in—forestry.

The forestry work of the Government began under the Department of Agriculture in 1876 by the appointment of a commissioner to study the thing, and went along with perfect naturalness on purely a scientific side, and as a bureau of information in the Department of Agriculture. Then, when the national forest reserve came along, attention was directed to that by President Cleveland's proclamation, which created so much interest and so much opposition in the West, and the public timber lands having always been administered in the Land Office with the forest reserves were put on a permanent basis, they were naturally administered in the Land Office, and ordinarily there were two parallel lines of work utterly independent and without cooperation. The trained men in one Department have nothing whatever to do with the Government forests in the other.

Then when it came to a question of mapping these reserves and describing the timber on them, the Geological Survey, which was making the topographical maps, naturally at the time took in also the plotting of the forests on those maps, and we have now three entirely independent bodies dealing with these forest reserves. The Land Office administers them; the Geological Survey maps them, studies their timber—information of the very first importance to the men who are administering them; and the Bureau of Forestry makes the practical plans of the lumbering of them. It would be a good deal like employing a body of engineers to design bridges and then turn-

ing it over to people who had never had anything to do with the bridges before. There is no reason why the thing should not have happened as it has come along, but the time has come in this work and in many others to put together these unrelated things and get a degree of efficiency, which Mr. McGee has so thoroughly outlined. His plan has seemed to those who have considered it as being the necessary and naturally feasible one.

(Adjourned.)

TUESDAY, *April 1, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

The CHAIRMAN. Mr. Austin, if you are ready, sir, we are ready to hear you.

STATEMENT OF MR. O. P. AUSTIN, CHIEF OF THE BUREAU OF STATISTICS, TREASURY DEPARTMENT.

Mr. AUSTIN. Mr. Chairman, I had not expected to address the committee at all upon this general subject of the new department, this Department of Commerce, but upon receipt of your letter I have responded and present myself to answer any questions which you may desire to ask, and I would like to preface that by saying that, so far as the general purpose of a Department of Commerce is concerned, I am heartily in favor of it.

So far as the Bureau of Statistics is concerned—and I assume that it is that of which you expect me to speak—there are certain administrative difficulties that I think I ought to suggest to you, and I have put on paper my views with reference to that in order to take as little of your time as possible.

All the statistics and information prescribed by law to be collected by the Bureau of Statistics; viz, imports, exports, duties collected, warehouse and in-transit transactions, tonnage movement, lake commerce, etc., are procured from officers and employees who are under the jurisdiction of the present Treasury Department, consisting entirely of employees of the custom-houses of the United States, Hawaii, and Porto Rico. Hence the work of collecting the commercial statistics is very closely connected with other duties of the Treasury Department relating to customs, and apparently must remain so when the Bureau is transferred to the Department of Commerce and Labor.

As the bill providing for the transfer of the Bureau of Statistics to the Department of Commerce and Labor does not transfer to it control over the employees in the custom-houses who furnish the Bureau of Statistics statistics and information, or define the method by which the new Bureau of Statistics shall continue to procure its information with respect to foreign commerce, etc., but leaves the customs officers who furnish the statistics still under the jurisdiction of the Treasury Department, it is possible that constant occasion may arise for conflict of authority or friction between the two departments.

And I want to say, with reference to that in general, that there is never a day that the Bureau of Statistics does not send from 1 to 20 letters to the collectors over the country with reference to their work, and asking them to do this, or urging them to do that, and hastening the work or insisting upon greater accuracy, and returning the work

to be made more accurate, and things of that sort, so that I can see, from my practical four years' experience at the head of the Bureau and my twenty years' study of the work—because ever since I have been in Washington, twenty years, I have felt a great deal of interest in that Bureau and the commercial statistics—I can see that there is going to arise that constant danger of difficulty in cutting loose the Bureau of Statistics from the source of its lifeblood, the collectors of customs, because it must always, I infer, gather those statistics through the collectors of customs.

The regulations, schedules, instructions, etc., of the Bureau of Statistics with respect to imports, exports, the tonnage movement, and other data collected through the customs officers require elaborate instructions to be prepared for the information of those officers, which must be approved by officers versed in the customs laws, and all returns from collectors of customs received by the Bureau being examined with respect to accuracy, there is a large amount of correspondence with officers of the customs districts in regard to the correctness of the returns, and sometimes stringent measures have to be asked for of the Secretary of the Treasury to induce officers of the customs to comply with the requirements of law and the regulations of the Bureau, which must be enforced in order to insure accuracy in the statistics and promptness in their presentation.

There are few custom-houses in the country where a portion of the employees are exclusively engaged upon the statistics furnished the Bureau of Statistics. In all of the smaller custom-houses the statistical work is incidental to other customs work in regard to which the collector is required to report periodically to the Secretary of the Treasury, and will still continue to do so after the department of commerce and labor shall be created. Therefore the duties of the clerks will be divided between the Treasury Department and the new department of commerce and labor. Even in the largest port—New York—many of the clerks and employees are engaged both upon statistical work for the Bureau of Statistics and periodical returns required to be rendered by the collector to the Auditing Office of the Treasury Department.

The laws under which all import duties are collected, as before stated, are administered by the Treasury Department, and will necessarily continue to be so when the new department shall have been created. The statistical returns of imports prepared by the Bureau are largely governed by the decisions of the Treasury Department and officers of the customs with respect to import duties, and the Bureau of Statistics is frequently obliged to consult the officer of the Treasury Department collecting duties as to the proper rates of duty and other details governing the statistical returns.

It is, in my opinion, doubtful whether the plan proposed by the bill for the collection by the consolidated Bureau of Statistics and Bureau of Foreign Commerce of the Department of State of the information now collected for the State Department Bureau of Foreign Commerce through United States consuls and other State officials in foreign countries will be as successful as the method now pursued by the latter Bureau.

The bill for the new department provides, section 5, that "It shall be the province and duty of said bureau, under the direction of the Secretary, to foster, promote, and develop the various manufacturing industries of the United States, and markets for the same at home and abroad, domestic and foreign, by gathering, compiling, publish-

ing, and supplying all available and useful information concerning such industries and such markets, and by such other methods and means as may be prescribed by the Secretary or provided by law. And all consular officers of the United States, including consul-generals, consuls, and commercial agents, are hereby required, and it is made a part of their duty, under the direction of the Secretary of State, to gather and compile, from time to time, useful and material information and statistics in respect to the commerce, industries, and markets of the countries and places to which such consular officers are accredited, and to send, under the direction of the Secretary of State, reports quarterly, or oftener if required, of the information and statistics thus gathered and compiled, such reports to be transmitted through the State Department to the Secretary of the Department of Commerce and Labor."

The bill further provides:

SECTION 10. That a person, to be designated by the Secretary of State, shall be appointed to formulate, under his direction, for the instruction of consular officers, the requests of the Secretary of Commerce and Labor, and to prepare from the dispatches of consular officers, for transmission to the Secretary of Commerce and Labor, such information as pertains to the work of the Department of Commerce and Labor, and such person shall have the rank and salary of a chief of bureau, and be furnished with such clerical assistance as may be deemed necessary by the Secretary of State.

Now, I have always believed, Mr. Chairman, and still believe, that if the Bureau of Statistics could on the one hand say to all the collectors of customs throughout the country "Get this" and "Get that" and "Get it promptly as well as accurately," and on the other hand could say to the consular officers all over the world "Get this" and "Get that," that then it could present the best picture of the world's commerce that has ever been known.

I still believe that; but to have to do that through the employees of two other departments, and for the head of the Bureau of Statistics to have to first prepare the requests and forward them to his secretary and his secretary forward them to the head of another department, who will submit them to a special officer created for the purpose of formulating the instructions to the consuls, then let those instructions be forwarded to the consuls and the replies come back to be revised by the officer of the State Department, and such portions sent to the Department of Commerce as he may choose to send, the results would not, it seems to me, be satisfactory. I do not think it would give such a service as I have long believed to be possible if those two classes of officers were in direct touch with and under the direction of the Bureau of Statistics.

That is a suggestion perhaps I ought not to make; but I do think that the Bureau of Foreign Commerce can do this work better to-day as a part of the State Department than it could as a part of another department and having to do its work through the State Department, and I do think that the Bureau of Statistics can do its work better to-day in direct touch with and as a part of the department, of which the collectors, its life blood, the heart of the work, are a part and must always remain a part, than if separated from them.

The CHAIRMAN. Then you think it is not possible to get the best results and preserve the relations of consuls to the State Department, and of Treasury officials to the Treasury Department, as we have it now?

Mr. AUSTIN. Not if you require the bureau which handles the result of that work to be a part of the other department.

The CHAIRMAN. What would you say as to the consolidation of the other statistical bureaus of the departments—for instance, that of labor?

Mr. AUSTIN. I had never expected, Mr. Chairman, in the years that I have hoped to see a Department of Commerce, and I still hope to see one—I am not saying these things, and I hope I shall not be looked upon as saying these things which I have said, as in opposition to a Department of Commerce, because, as I say, I am thoroughly in favor of it—I say that I had not expected to see the Department of Commerce when created include the Department of Labor.

The CHAIRMAN. Well, it has been suggested that the Department of Commerce should include the statistical work of the Agricultural Department.

Mr. AUSTIN. I think the statistical work of the Department of Agriculture should continue in that Department.

The CHAIRMAN. Then, according to your idea, if we had the Department of Commerce we would still, in order to get this work done under the best conditions, have to preserve the separate character of the statistical forces that we now have.

Mr. AUSTIN. In a very large degree.

The CHAIRMAN. That of the Agricultural Department for agricultural statistics?

Mr. AUSTIN. Yes, sir.

The CHAIRMAN. Then, what, in your idea, should be the statistical power or force of the Department of Commerce?

Mr. AUSTIN. Either one thing or the other. Either it should control the people who created the commercial statistics, the consuls all over the world and the collectors all over the country, or the statistics should be compiled by the respective departments of which the consuls and collectors are a part. Of course, a part of the collector's duty, or that of a part of the force of the collector's office, is to collect the customs revenue and make the records, and another part of the force—a clerk or set of clerks—prepares the statements forwarded to the Bureau of Statistics. Either let it be so arranged that the consuls, whose duties, in my opinion, are chiefly commercial anyway, and that part of the force of the collector's office which prepares the statistics should be directly under the Department of Commerce, or that each of the departments as they now exist shall collect their share of the statistics, and the Department of Commerce should take the net result and bring it into combined form.

And I want to say that I do not agree, fully agree at least, if at all, with the suggestions that have been made that there is now any considerable duplication of statistics. I know of no case in which original compilations of identical statistics are made by two sets of men.

The CHAIRMAN. As a matter of fact, in the preparation of any given matter do you never cooperate with the Department of Labor, for instance?

Mr. AUSTIN. No, sir.

The CHAIRMAN. Or the Department of Agriculture?

Mr. AUSTIN. No, sir.

The CHAIRMAN. Or with the consuls of the State Department?

Mr. AUSTIN. No, sir.

The CHAIRMAN. Your work is independent?

Mr. AUSTIN. Our work is independent. Our work, the work of the Bureau of Statistics, is to take the statistics of the exports and imports of our commerce, and also to gather certain information with refer-

ence to the internal commerce—I am speaking especially now of the foreign commerce—to take the statements of the collectors of customs of the incoming and outgoing merchandise and compile that, and from that compile our statements and tables with reference to the foreign commerce of the United States.

Since I have been in charge of the Bureau I have been publishing some special statements with reference to commerce in those countries where we desired to extend our commerce, and in that I have used the statistics gathered by those countries—those taken from other official reports—and added, in a few cases, fragmentary statements prepared by our consuls, bringing together perhaps a dozen or twenty brief statements scattered through two or three or five years of the publications of the State Department upon that particular subject. That is the only case in which there has been any duplication.

The CHAIRMAN. Can you suggest any way in which, leaving the departments as they are, and preserving the relations of the various statistical bodies to their statistical departments, whereby there can be a union of labor secured that would in any material way operate advantageously in the securing of statistics?

Mr. AUSTIN. Leaving them where they are now?

The CHAIRMAN. Leaving them, substantially, where they are; that is, the Department of Labor where it is, the officers engaged in statistical work in the Agricultural Department where they are, and under the authority they are now under, and the consuls under the authority where they are now placed; could you devise a plan now by which a joint effort could be secured which would be beneficial in statistical work?

Mr. AUSTIN. I suppose a special department of statistics, a special division of statistics, might be created as a division of the Department of Commerce, whose business it should be to collate and bring together and digest the information gathered—the statistics gathered—by the various divisions, and present in concrete form and in their proper relations to each other that information, and make it more useful and perhaps a more harmonious and complete whole, and without duplication—without much duplication—of work, because each department gathers the material which pertains to its particular work. The Department of Agriculture, I think, should always maintain or, at least, could better perform its own work and the work of agricultural statistics by continuing that work through its large number of agents, which it must always have, and so on through the various departments.

The CHAIRMAN. In your work, as you have described it here, you rely on certain officers of the Treasury Department?

Mr. AUSTIN. Yes, sir; absolutely.

The CHAIRMAN. Now, if the Department of Commerce was engaged in the preparation of commercial statistics, would it not be necessary that they should have a number of officers occupying the same relations to them?

Mr. AUSTIN. It would if it were gathering the commercial statistics de novo, but if it accepted the statistics as gathered by the Bureau of Statistics of the Treasury Department—

The CHAIRMAN. Well, then, it would simply publish—

Mr. AUSTIN. It would simply collaborate. That is the only thing I can see that a statistical bureau of the Department of Commerce could do, provided the present bureaus continued their existence.

The CHAIRMAN. Do you not, in the preparation of many of the

details, much of the work that you do, use the material furnished by the Agricultural Department?

Mr. AUSTIN. Not in many of them. In our annual Statistical Abstract we do use, I should say, a dozen pages, perhaps, in a volume of 400 pages, of concrete tables published by the Department of Agriculture.

The CHAIRMAN. If necessary you could use more, could you not?

Mr. AUSTIN. Yes, sir; certainly.

The CHAIRMAN. What would this new department accomplish in the way of furnishing statistics; anything which you may not or could not do?

Mr. AUSTIN. I can not see that it would accomplish much. I am groping in this matter, I confess. I want to see a Department of Commerce created, and if it were possible, that it should handle all the statistics of commerce; but the practical difficulties of detaching the statistical service of commerce from the Treasury officers who create those figures, who create that information, and who must always remain officers of the Treasury Department, I take it—because I presume, of course, the customs officers must always remain a part of the Treasury Department—there is the practical difficulty that I see. I hope the committee may find some way of avoiding that, because I think it will be better that the Department of Commerce should handle all the statistical matters relating to commerce. I am not saying this as an argument in favor of retaining this statistical bureau in the Treasury Department; I want to make myself clear on that point.

The CHAIRMAN. Is it not true that all our customs officers throughout the country have clerks whose business it is to collect these figures?

Mr. AUSTIN. No, sir; that is not the fact; because in a large proportion of the offices, and there are 150 collectors' offices throughout the country, in probably 100 of those or more, the work is performed by two or three men. As the whole work of the office is performed by so small a number of men they all put in perhaps two or three days in each month in preparing these statistics for the Treasury Department, but there is no one man or set of men who are exclusively statistical clerks, except in the cities where the customs collections are heavy and a large force of clerks maintained.

The CHAIRMAN. Those are prepared now and sent forward, are they not, by the collector?

Mr. AUSTIN. Yes, sir.

The CHAIRMAN. That information which you rely upon?

Mr. AUSTIN. Yes, sir.

The CHAIRMAN. And it comes from the Treasury Department direct to your Department?

Mr. AUSTIN. It comes from the collectors direct to the Bureau of Statistics.

The CHAIRMAN. What is the reason that can not be done if the Bureau of Statistics is placed in the Department of Commerce?

Mr. AUSTIN. It can be, but there is a constant necessity for supervision and keeping these people up to their work.

The CHAIRMAN. Why can not that be done just as well if they are not under that special department?

Mr. AUSTIN. That is a matter for you gentlemen to determine. I think it would create friction, and that there would be a greater delay and greater difficulty in assuring accuracy and promptness if the two offices belonged to different departments. I do not say that it is

impossible, but I do believe that the Bureau of Statistics would not get as satisfactory results if it were in a department separated from the officers who create those statistics.

The CHAIRMAN. How do you get the information collected by the consuls?

Mr. AUSTIN. We do not get it.

The CHAIRMAN. You do not use it at all?

Mr. AUSTIN. No, sir; except in special cases, and then it is obtained from the material published by the Bureau of Foreign Commerce of the State Department.

The CHAIRMAN. Should not the Bureau of Statistics embrace that also?

Mr. AUSTIN. No, sir. That is a part of the State Department. The Bureau of Foreign Commerce is a part of the State Department, which issues its orders to the consuls just as the Treasury does to the collectors, and gets its information and publishes it entirely separate from the Bureau of Statistics. The two are entirely separate now, but this bill proposes to bring them together in the new department.

Mr. MANN. What is your custom in furnishing information to the departments—do you furnish them directly or through the head of the Treasury Department?

Mr. AUSTIN. In some cases the requests come direct from the other departments to the Bureau and are furnished direct. There may be cases in which a request will come direct through the head of the Department, but in a large proportion it would come direct. Sometimes the head of a bureau, or sometimes the Secretary himself, will call on the Bureau for information.

Mr. MANN. Would there be any administrative difficulty in having collectors of customs in the Treasury Department, say, report directly to the Bureau of Statistics in the Department of Commerce, instead of having the information transmitted by the Secretary of the Treasury to the Secretary of Commerce?

Mr. AUSTIN. If the bill gave to the Bureau of Statistics in the new department the same relation to the collectors that it now has, with power to return their reports for correction, or hasten the preparation of them, and to insist upon accuracy, and to do that kind of work which it is always and constantly necessary to do in order to get accurate and prompt work.

Mr. MANN. That is necessary now?

Mr. AUSTIN. Oh, absolutely. There is never a day passes that I do not write from 1 to 20 letters of that kind.

Mr. MANN. That would be the administrative difficulty?

Mr. AUSTIN. Yes, sir; there is the one point that I have been trying to make, and I am afraid that I have not made myself clear. The administrative difficulty is the great difficulty, and if that can be obviated in some way, I am cordially in favor not only of a department of commerce, but of the transfer, if advisable, of the Bureau of Statistics to that Department.

Mr. RICHARDSON. Your idea about the relation to be established between this new Department of Commerce and these statistics gathered in other departments would be just something similar to the relations that exist now between all the departments and the Executive; you would have them all report to the Secretary?

Mr. AUSTIN. I have hardly reached a conclusion on that.

Mr. RICHARDSON. Is not that the result of it?

Mr. AUSTIN. The only thing I have in mind is the great difficulty

I see before the Bureau of Statistics in getting results, if it is separated from the source from which it draws its information.

Mr. RICHARDSON. You would really leave all the work in these different departments, and that would then be referred—these statistics would be merely referred—to the Commerce Department to aggregate them and put them in form, and that is all that that Department would do?

Mr. AUSTIN. That is one plan that might be pursued.

Mr. RICHARDSON. Do you think that it would be worth the while of the Government to create a department that had not anything more to do than that?

Mr. MANN. Your position as to the Department of Commerce and the Bureau of Statistics now is that the new Department of Commerce could not collect the original statistics itself?

Mr. AUSTIN. The Bureau of Statistics could not, as a part of the Department of Commerce, do the work as successfully as it is now being done.

Mr. MANN. Or, at least, you fear that it would simply add to the red tape in correspondence between the parties?

Mr. AUSTIN. Yes, sir; and it would not only add to the red tape, but if those bureaus were transferred to the Department of Commerce, and they had to draw their information from the officers of another department, it would cause delay and lack of accuracy, and especially lack of promptness.

Mr. MANN. Can you inform us as to the railroad statistics—statistics of internal commerce? Is there any department that collects railway statistics?

Mr. AUSTIN. I am very glad that you asked that. The only work in the collection of statistics on internal commerce that is now performed, other than certain railway statistics gathered by the Interstate Commerce Commission, is that done by the Bureau of Statistics. There is a small appropriation of \$4,000 for the collection of special information regarding internal and foreign commerce. With that we are now collecting statistics of the commerce upon the Great Lakes, and the concentration at the great trade centers of the interior of the principal articles or products, such as wheat and other grains, and coal and iron, and meats, and live animals, and provisions, and the transfer of these articles from those points toward the seaboard.

Mr. MANN. Outside of that, the only department that collects the internal railway statistics is the Interstate Commerce Commission?

Mr. AUSTIN. Yes, sir.

Mr. MANN. So far as you know?

Mr. AUSTIN. As far as I know. The Agricultural Department also publishes a few figures in its annual volume, though I think those are chiefly relative to railway rates—rates of transportation.

I hope, Mr. Chairman, that I have not, in what I have said, given an impression other than one in favor of a Department of Commerce, and I wish it to be understood that I am not even offering these remarks by way of opposition to the transfer to such a department of the bureaus which collect statistics; but I am simply trying to set before you the practical difficulties as they seem to exist, and perhaps may enable you to devise a way of transferring to the new Department of Commerce, or bringing under the direction of that Department those officers who now, or a part of the officers who now, collect the information which the statistical divisions require.

Mr. RICHARDSON. It is a fact, is it not, that in a great many of

the departments now there are subjects unrelated to each other under the general supervision of that one department?

Mr. AUSTIN. Yes, sir.

Mr. RICHARDSON. Which have no affinity or relation to each other at all?

Mr. AUSTIN. Yes, sir. But I think of no case in which the officers of one department are subject to the constant supervision and control and direction of the officers of another department. It seems to me that that is a condition which is likely to create friction.

For instance, if the collector of customs in a certain place is derelict in his duties or is not prompt, the constant complaints that the officers of another department would have to be making in reference to his work would be likely to create more or less friction, and if those complaints had to go through another department, and especially in this proposition that the work of the consular officers should not only be called for through the State Department by the Department of Commerce, but that those reports from the collectors in response to that call shall go back to the State Department to be edited, and anything of a diplomatic character eliminated, and then returned—all those things, it seems to me, are likely not only to create delay and create friction, but to reduce the value of the work as it is now being done.

Mr. RICHARDSON. Then what plan have you got to get all those things in harmony together?

Mr. AUSTIN. I can hardly say that I have got a plan.

Mr. RICHARDSON. You have not got any at all?

Mr. AUSTIN. Though, as I suggested, I see no reason why the consuls, who are commercial officers pure and simple—whenever they exercise, as I understand, functions other than commercial, diplomatic, it is unusual—I see no reason why they should not be transferred to the Department of Commerce. Then they would be directly under the control of that department. And if Congress should see fit to set aside a part of the force of the customs collection officers or to create an additional force there to handle these statistics and make this a part of the Department of Commerce, that would obviate the difficulties I have mentioned.

Mr. RICHARDSON. What would you do with the diplomatic part of it?

Mr. AUSTIN. The diplomatic would naturally remain as a part of the State Department work and be performed by its diplomatic officers.

Mr. RICHARDSON. You would have them separated?

Mr. AUSTIN. Yes, sir.

Mr. RICHARDSON. Taken apart?

Mr. AUSTIN. Yes, sir. The consular service is almost purely, as I understand it, a commercial service, and for that reason it seems to me it would naturally be better to have it under the Department of Commerce.

Mr. RICHARDSON. I do not know, but from what I have heard from them they do not like to be classed in that way.

Mr. AUSTIN. I am putting it that way on the assumption that their regular service is chiefly of a commercial character.

Mr. MANN. Would it not be necessary, under international customs, to have the appointments of the consular service made through the State Department in any event?

Mr. AUSTIN. That I could not answer.

Mr. COOMBS. Why?

Mr. MANN. They have to get the consent of foreign governments,

and it is an international proposition which can only be reached, it seems to me, through the department which handles those relations.

Mr. COOMBS. Allow me the suggestion that they do not have to do that. A diplomatic officer would have to, but a consular officer would simply get his exequatur through his minister, just a simple consent to serve the government which he represents as a commercial agent. And he has not the privilege, nor is he permitted in any manner to approach the government where he resides.

Mr. AUSTIN. That is my understanding, sir.

Mr. COOMBS. And a consular officer may be a quasi diplomatic officer only, if in that country there is not a diplomatic representative of the United States?

Mr. AUSTIN. Only in cases where we have not a diplomatic representative present.

Mr. COOMBS. And the instances are few. Hongkong would be one, because we have not any representative of our Government in those territories.

Mr. AUSTIN. But whenever that happens it is my understanding that is by special instruction of the State Department or by treaty provision.

Mr. COOMBS. Yes, sir; and the consular officer there will look to the clearing of a ship as it departs, and will be in communication with the Treasury officers on this side, and has not anything to do with the State Department. Is that not true?

Mr. AUSTIN. That is substantially my understanding, so far as relates to United States vessels. Also that the general duties are chiefly commercial and not diplomatic.

Mr. MANN. He has to be appointed from the State Department.

Mr. COOMBS. Appointed; yes, sir. But that appointment does not reach the head of the government where he goes in any wise. He receives that through the diplomatic officers——

Mr. MANN. The State Department?

Mr. COOMBS. Yes, sir.

STATEMENT OF MR. CHARLTON T. LEWIS.

Mr. LEWIS. May it please you, Mr. Chairman, and your honorable committee, I have the honor of appearing in behalf of the life-insurance companies of the United States, and particularly in behalf of the companies which do business outside of the United States, insuring lives in Europe and all over the world. I wish to say, in the first place, that I have no intention of making an elaborate speech before you. I take it for granted that you, who are far more familiar with the whole scope of this measure than any outsider can possibly be, desire to hear suggestions from particular interests, and that we may rest in the certainty that then you will take these representations into due account in your comprehensive view of the whole subject.

The bill before you is an act to establish a Department of Commerce and Labor, and in the beginning, although I have no authority to speak for the Chamber of Commerce of New York, which is perhaps one of the most prominent representatives of the commerce of the United States, yet as a single member of that body I may be permitted to say that it takes the deepest interest in this measure, in the belief that it will be of the highest value in the development of the commercial interests of the nation; and that there is no part of this bill which is looked upon by those commercial interests as of higher

practical value than the vast extension of the statistical activities of the Government which is provided by the establishment of the Department of Commerce with the enlarged and improved Bureau of Statistics.

One of the greatest needs which has been felt by our commercial interests, especially during the extraordinary development of our foreign trade in recent years, is an authentic collection of the facts, scientifically analyzed, of the various industrial and mercantile activities of the country; and notwithstanding all the intelligent efforts which have been made under the direction of Congress for that purpose the results have been in a high degree imperfect. Their defects have been particularly troublesome when information was needed as the basis of communications to other governments through our ambassadors, or through the Department of State to the representatives of other governments in Washington. In such cases sources of information have been difficult of access, the notices obtained have been incomplete and inaccurate, the attempts at scientific analysis of them have been unsatisfactory, and the Government of the United States has transmitted such statements without assuming responsibility for them. The proposed department would not only do a magnificent work in completing and perfecting the statistical information required, but would command respect and credit by presenting it in authoritative form.

These remarks are not impertinent to my special subject—our insurance interests. The statistical results which will be obtained by this Bureau on its new, broad, and magnificent foundation, with the scientific aid which it will command, will serve primarily as a guide to Congress in its intelligent revision and extension of the laws for the encouragement of industry and trade, and also as a guide to our entire diplomatic service and to all the administrative agencies of the country in those duties which affect commercial interests; but, further, it will furnish materials of far-reaching importance for the instruction and guidance of the State legislatures and officers in their jurisdiction over the commercial interests of their people and for the enlightenment of the business community at large.

And, finally, it will have a scientific value which can not be measured in advance, but which will surely aid substantially in promoting the education and intelligence of all classes of the people.

Now, the insurance interests of the United States, I beg to say, have hitherto been very largely neglected, and naturally so, by all branches of the National Government, and, in particular, in legislation by Congress. The Constitution of the United States was formed at a time when these insurance interests did not exist. You are aware that insurance is a modern institution; it has grown up entirely, you may say, within the last three generations. The insurance which is now in an important sense a corner stone, a pivot, an essential support, an indispensable instrument and means of all commerce, a prime condition of industrial activities throughout the world, is a thing which three generations ago was unknown to mankind.

It was not contemplated when the Constitution was framed, and it has been of so rapid growth that it has outstripped the intelligence of legislation itself, and has never come under the contemplation of the laws of the United States to an extent in any degree commensurate with its present magnitude or importance in connection with the life and prosperity of the people.

It is not necessary to go largely into figures in order to show this,

when you remember that the Constitution had been in force for two generations before the first attempt was made in the United States to give official completeness and scientific form to insurance statistics, and that the amount of life insurance which was in force in the United States at the beginning of the last century was certainly much less than that which is now often issued by one company in a single day. And the growth of fire insurance has been hardly less startling or less magnificent.

These interests have grown up and intertwined themselves with the commerce and industrial life of the whole nation, and they have become an indispensable part of all its important transactions, silently, without notice or record, so far as the legislation of the United States is concerned.

Hence arise practical inconveniences of a serious character. Difficulties arise in the administration of the business, and injury is done to the interests of the people in it from the fact that it has been ignored in the legislation of the country. I need call your attention only to one instance, which is still fresh in the public mind, and with which, no doubt, some of you are familiar. Several of our life insurance companies were doing business on a large scale a few years ago in the Kingdom of Prussia.

Prejudices and jealousies arose there toward American business of all kinds, and although I have never heard that there was any particular pretense put forward by Prussian officials—or even by editors of newspapers in Prussia—that a life-insurance policy coming from New York was likely to poison a Prussian and to destroy the life upon which it was issued, so that they could not find precisely the same objection to its importation that they did to the importation of our beef and our pork, yet they found other objections which to their minds were equally serious, and they passed a series of oppressive regulations which were of a character first to embarrass and then to destroy the business of the American companies which had been taking on great prosperity in the Kingdom.

All this led to negotiations of various kinds. Some of the States of the United States were bitterly offended because our companies were treated with harshness and injustice by the Kingdom of Prussia, and they undertook by retaliatory legislation to embarrass and even to destroy the business of certain Prussian fire-insurance companies within their jurisdiction.

The officers of some of these States also undertook by correspondence with the insurance officers of the Kingdom of Prussia to open the way for adjusting the difficulties. You can imagine what the result would be when a State officer attempted to obtain relations by correspondence with an official of the Kingdom of Prussia. In some instances official letters under the seal of the State were sent direct to the officers of the Prussian Government, and in those instances the letters were sometimes not opened, or it was pretended that they were not opened, or they were handed over to another department as literary curiosities, it being no part of the duties of the administration of the Kingdom of Prussia officially to recognize the existence of the States of the United States.

In other instances such letters were sent to the State Department with a request that it be forwarded to our ambassador in Berlin. Our ambassador in Berlin then went to the minister of foreign affairs of the German Empire and requested him to communicate to the minister of the interior of the Prussian Government the facts which were

set forth by the insurance department of the State to our State Department. But communications presented by this roundabout course necessarily lost all point and effect and were deprived of their value. The State Department could not vouch for the accuracy of the story told it by the insurance department of the State, but could simply transmit it as a representation made to it of no more weight than if made by a private party, and when the ambassador had laid it before the German minister of foreign affairs that minister told him that he had no jurisdiction over the insurance or any other department of the Kingdom of Prussia, and that all he could do was to undertake a friendly representation through one of the executive departments of the Kingdom.

Now, these defects would be to a certain extent remedied, and a large part of them removed, if the United States possessed under its own administration an authoritative source of information for these facts, which would enable the State Department and the ambassador to assume responsibility for the good faith and accuracy of the representations made. And in this way access to the proper officers of a foreign government could be obtained by one of the great commercial interests of the United States.

The extent of the business subject to this difficulty is probably not realized by some of you gentlemen, unless you have given personal attention to its rapid growth in recent years. I am not going to read you a lot of figures, but I beg to call your attention to the general fact, which is I think of great interest, that the foreign business of the life-insurance companies of the United States is now increasing regularly at a rate which doubles it every eleven years, so that in all human probability it will be twice as great eleven years from now as it is to-day, unless it is stopped or interfered with by difficulties such as those which I have explained.

That business now has reached such a degree of importance—I have the figures here only for three companies; but those three companies have in force insurance upon lives outside of the United States, in foreign jurisdictions, amounting to very nearly \$1,000,000,000, and they are actually collecting premiums outside of the boundaries of the United States, which are paid into the treasuries of these companies, which amounted during the last year to \$36,000,000 and which are steadily increasing, as I said, at a rate which will double the amount in eleven years.

Here is a substantial industry; here is a large commercial interest of the United States which asks for such recognition under the laws of the United States as it is entitled to from its magnitude and for treatment which it regards as absolutely essential to its continued success and prosperity.

All that we ask is that, in addition to the Bureau of Manufactures, which is provided for so intelligently and ably in the bill before you, an additional section in substantially the same terms shall be inserted providing for a Bureau of Insurance, the prime purpose of which shall be to collect, digest, and publish all essential and useful information concerning the insurance interests of the United States.

Now, I beg to call your attention, gentlemen, to this striking fact: There is not upon the face of the earth to-day a civilized nation in which there is not something analogous to that which we ask of you except the United States of America. Great Britain has her board of trade, a branch of the executive government of the nation, to which every insurance company must annually report its statistics, certified

by an actuary of high character. Those statistics are gathered and published by the board of trade as a blue book, that is an official document of the British nation and forms a body of authentic information of the highest value, not only to students and speculative inquirers into the business of insurance and to all students of social prosperity and progress, but also to legislators and to practical insurance managers.

And so I might go through the list of civilized nations. I am forcibly reminded of the contrast between other countries and our own by the fact that I received, only two or three days ago, from a correspondent in New Zealand, a gentleman who is the head of the insurance department of that enlightened colony, a lot of statistics regarding the insurance interests of the colony of New Zealand, more carefully prepared, more complete, more comprehensive—evidently more accurate, because more painstaking, and more authoritative, because under the seal of the colony—I say more complete, accurate, authoritative, and valuable than any that exist of the insurance interests of the United States. Is it right that we should be in the rear of all nations in this great scientific work, even apart from the large practical interests to be served by such bodies of fact?

Now, in asking that this bureau be established for the purpose of collecting, digesting, and publishing information on a broader scale than it is now collected in this country upon the subject of insurance, we go further, and we ask that the bureau be established substantially in the form and with the powers which are proposed for the Bureau of Manufactures, and that it be authorized to exercise over the insurance interests of this country that degree of control and supervision which may be provided by law. The object of this is evident to all of you. The enactment of a provision authorizing that supervision, which may be provided by law, trenches in no degree on anyone's conviction in regard to the extent to which such supervision can be provided by law. There are branches, however, of this provision for the control and regulation of insurance business upon the right of Congress to exercise or to institute which we have as yet no authoritative legal opinion.

I do not propose to go in extenso into the question of the extent of the jurisdiction conferred upon Congress over insurance interests by the interstate-commerce clause of the Constitution. It is a vexed question. It is one the outlines of which are exceedingly confused as they are read upon the records of the Supreme Court of the United States; but it is one upon which a hasty and superficial judgment is often formed, and such a judgment has found a lodgment in the popular mind, and I will say also in that of a part of the legal profession, growing out of the famous opinion given in 1868 by Mr. Justice Field in deciding the case of *Paul v. The State of Virginia*. In this opinion the learned Justice makes the remark that insurance is not commerce.

This is one of the most curious things in the history of the jurisprudence of the United States. The case in question was determined upon other grounds. The great questions upon which it turned were, in the first place, whether citizenship of the United States belongs to a corporation created by a State or not, and, secondly, whether the supervision and control of commerce vested in Congress by the Constitution includes a supervision and control of the corporation created by a State, and which, if they are not citizens of the United States, have no legal existence outside of the jurisdiction creating them.

These two questions were finally settled in this case of Paul against the State of Virginia, which was decided upon them; and after the judgment was in substance declared, and its foundations in principle explained, then in the closing words of his opinion Mr. Justice Field went on to assert that in the sense of the Constitution "insurance is not commerce." He gave reasons for this assertion, which, in the light of the development of insurance in the last forty years, must, I think, appear to every lawyer who reads them at this time very singular and inconclusive.

They certainly must have appeared so to Mr. Justice Field himself sixteen years later, when he wrote his masterly opinion in the case of Gloucester Ferry Company *v.* The State of Pennsylvania (114 U. S., 196).

Here he distinctly asserts that the power of Congress to regulate commerce under the Constitution "embraces within its control all the instrumentalities by which that commerce may be carried on and the means by which it can be aided and encouraged." His language is inconsistent with the theory of Paul *v.* Virginia, that insurance, being an instrumentality of commerce and not commerce itself, is excluded from the regulation and control of Congress.

As a later and more mature judgment of the same great Justice, as given after half a generation more of regulation upon the subject, and as intimately connected with the actual ground of decision of the court in the later case, while the earlier dictum had been incidental and inessential to any judgment, this opinion must be accepted as destroying the force of the case of Paul *v.* Virginia as an authority against the control of Congress of interstate commerce.

The question is at least open, with all analogy, and the historical trend of the development, both of law and of social needs, in favor of the former principle announced by Chief Justice Marshall, that commerce is more than trade—it is intercourse; and of the rule accepted by Mr. Justice Field and of the whole court in later decisions, that Congress holds the power to control and regulate the essential instrumentalities by which commerce between the States is carried on, including the modern system of insurance.

Indeed, the Gloucester Ferry case carries this doctrine so far that it is distinctly decided that a wharf which is used for landing and shipping products is an instrumentality of commerce, included in the grant of power to Congress to regulate commerce between the States. I am unable to conceive a consistent attitude of mind in which it is possible to affirm this concerning a wharf and to deny it concerning interstate insurance.

But in these remarks I am expressing a personal opinion, not asking you to pass upon that question. My request is that you institute a bureau which shall exercise such powers as Congress, in its wisdom, may at any time choose to confer upon it over the insurance interests of the country, but which shall, first and foremost, have for its duty the collection and digestion of all such information in regard to these insurance interests as is indispensable to the understanding of them on the part of legislators and students and to their successful administration. This is simply to put the United States in the matter of statistical knowledge on a par with other civilized nations.

I need not disguise from you the hope, which individually I entertain, that this bureau will ultimately grow into a power, an administrative branch of the United States Government, which will carry out within its own sphere the purpose announced by the President of the

United States in his message, when he tells us he believes it to be sound policy in Congress to exercise supervision over corporate activities which extend beyond State lines; that he believes that power to vest already in Congress, under the Constitution, as I believe; but if it does not now exist it ought to be obtained by an amendment to the Constitution. There is no interest in the nation which suffers to-day for want of the enlightened supervision of Congress so much as the insurance interest.

A vast amount of capital is invested in this industry; nearly all the citizens of the United States have a direct and substantial interest in it. It is safe to say that substantially every property holder in the country looks for the protection of his property to fire insurance, while a majority of all heads of families in the United States have sought a greater or less protection for their families against pauperism or want in the institution of life insurance. These interests are so widely distributed and are so regardless of State lines that it is within bounds to say that most of the citizens of the United States to-day are taxed, embarrassed, hampered, and injured in property, business, and prospects for want of the national supervision of insurance.

The actual expense to-day which is incurred for work which ought to be done once for all, but is done independently and separately by the insurance agencies of 45 States, for no other reason than because Congress has neglected to take up the duty and do it for them, is equal to a direct tax of not less than \$2,000,000 every year upon the insured, apart from the indirect injuries which result from this defect in our laws in a great variety of ways. But that is not the worst of it. The worst of it, to which I need merely allude in passing—and it is something which sickens the heart of every independent citizen who desires the honor of his country—is that while petty officers appointed in the several States solely for political reasons are vested with the most enormous and arbitrary powers over the insurance interests at work in those States, they in their ignorance are perpetually devising new theories and making new applications of old ones which were long ago exploded and imposing burdens upon these interests which are intolerable and which no one trained or enlightened upon the subject would for a moment approve.

This form of regulation combines oppression, extortion, and corruption, so that every year national scandals of the first magnitude arise from them, and there is no prospect of a correction of these evils except by gradual, if you please, but firm and intelligent, assumption by Congress of the control and regulation of all that Chief Justice Marshall declared to be commerce between the several States, the financial intercourse between the States.

I have made these remarks simply in outline, Mr. Chairman, with a view of not wasting your valuable time. You are so familiar with the subject in its breadth and in its principles that I deem it necessary only to suggest to you the measures which, in my judgment, a wise statesmanship will mature.

Now, if there is any point in the whole subject upon which, by virtue of having studied it for a number of years, I can give you any information, I shall be most happy to do so.

The CHAIRMAN. Have you formulated any language there which you would desire inserted in the bill?

Mr. LEWIS. Nothing but a rough draft of a section. May I read it?

The CHAIRMAN. If you please.

Mr. LEWIS. This I should propose to have follow the section creating the bureau of manufactures. It is as follows:

That there shall be in the Department of Commerce a bureau, to be called the bureau of insurance, and a chief of said bureau, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive a salary of three thousand dollars per annum. There shall also be in said bureau one chief clerk and such other clerical assistants as may from time to time be authorized by Congress. It shall be the province and duty of said bureau, under the direction of the Secretary, to exercise such control as may be provided by law over every insurance company, society, or association transacting business in the United States outside of the State, Territory, or District wherein the same is organized, and to foster, promote, and develop the various insurance industries of the United States by gathering, compiling, publishing, and supplying all available and useful information concerning such insurance companies and the business of insurance; and by such other methods and means as may be prescribed by the Secretary or provided by law.

Mr. ADAMSON. Is it your hope or expectation that this legislation, if successful, will enable the insurance companies to avoid the local legislation and exactions of the States on those companies?

Mr. LEWIS. I have no question that the force of public opinion would gradually compel the concentration of these powers in the bureau of the United States, so far as it is competent to exercise them.

Mr. ADAMSON. And prevent the exercise of the State control and requirements over them?

Mr. LEWIS. That would be a gradual process; but the United States would unquestionably, by this exercise of its jurisdiction, gradually supersede the State authorities, so far as the interstate insurance is concerned.

Mr. TOMPKINS. You do not mean to say that they would be relieved of local taxation?

Mr. LEWIS. No, sir.

Mr. TOMPKINS. That is local.

Mr. LEWIS. It is simply the needless and obviously superfluous burden of multiplied, unenlightened, and oppressive supervision which we want to do away with. Of course, the powers of the State as to taxation would not be in any way interfered with. That we could not prevent.

Mr. COOMBS. Your suggestion does not extend to the State where the corporation is organized?

Mr. LEWIS. It does not extend—

Mr. COOMBS. There is an exception there.

Mr. LEWIS. It does not refer to any corporation which is limited to the State in which it is chartered.

Mr. TOMPKINS. You mean by that that Congress would not undertake to regulate the domestic business—business of a domestic character. It must be interstate before Congress could undertake it.

Mr. LEWIS. The State creating the corporation has the power to modify its charter at any time, of course.

Mr. COOMBS. Of course, Congress can not interfere with the commerce within a State. This says:

It shall be the province and duty of said bureau, under the direction of the Secretary, to exercise such control as may be provided by law over every insurance company, society, or association transacting business in the United States outside of the State, Territory, or District wherein the same is organized.

Mr. TOMPKINS. It would not be interstate if it did business within its own boundaries exclusively.

Mr. MANN. That would practically take in every insurance company in the United States, would it not?

The CHAIRMAN. Have you anything further, Mr. Lewis?

Mr. LEWIS. Nothing further, unless the committee suggests something further.

(Thereupon, at 11.40 a. m., the committee went into executive session; at the conclusion of which the committee adjourned until to-morrow, Wednesday, April 2, 1902, at 10.30 o'clock, a. m.)

WEDNESDAY, *April 2, 1902.*

The committee met at 10.30 a. m., Hon. William P. Hepburn in the chair.

STATEMENT OF MR. MAX COHEN, EDITOR OF VIEWS.

Mr. COHEN. Mr. Chairman, and gentlemen of the committee, I only received a request this morning, hence I did not anticipate appearing before this committee at this time; but, as editor of an insurance journal, I thought it at least important that I appear before you and advocate this measure, not only in behalf of the interests of insurance, but also in behalf of the public interest and the public welfare.

I presume there are few of you gentlemen who realize that to the masses insurance is a dark continent. It is a strange fact that often the keenest business man, the best scholar in the commercial industries, is thoroughly ignorant on the subject of insurance. I venture to make the assertion that many of the insured do not even know what companies they are insured in.

The mass of correspondence that comes to the average insurance editor in the way of inquiry as to the standing, as to the status, as to the general reliability or status of an insurance company is amazing, as if they seldom go elsewhere for reliable information. It is a fact, and I can easily demonstrate it to you, that right within sight of the Dome of this Capitol there have been many people mulcted to the tune of millions of dollars by bond bubbles, wild-cat concerns, and so on, who could have been saved had such a bureau been established where they could have obtained intelligent information or at least desirable statistics as to the business of such companies, or whether they had been legally chartered, etc.

I had a case in point not long ago where a certain public officer of one of your departments asked me to come and see him about a policy. He had a policy of life insurance for \$10,000, on which he paid an annual premium of \$18. I said, "Do you not know better, don't you know on its face that this is fraudulent? How do you expect to get insurance of \$10,000 for \$18 a year premium?" "Well," he said, "it was cheap, and I took a chance." And I got after the agent, and he said: "Well, I can't get that man for a bona fide, authorized company, but I can get him for the \$18 a year, and I keep \$9 and give the Baltimore man \$9."

I only cite this instance to illustrate to you the importance of general and educational information for the public. The misfortune in our State insurance departments is and has been that politics sometimes do play a rôle in not squelching such concerns.

Mr. COOMBS. Suppose you had a bureau which would have given

publicity to all of the insurance concerns, would it have helped that man out who lost his \$18?

Mr. COHEN. Decidedly; because it would have shown him that it was not a legally constituted company.

Mr. COOMBS. Who could have shown him?

Mr. COHEN. The bureau of such a department would.

Mr. COOMBS. In other words, he would himself have had to seek the knowledge?

Mr. COHEN. Certainly; and his impulses would have been, when that agent approached him with such a proposition, to make inquiries at such a bureau whether such a company had standing.

Mr. COOMBS. Do you not think that people who are mulcted that way lend themselves to such propositions, and do not care to investigate or find out the truth? Is not that the tendency of that kind of human nature?

Mr. COHEN. I would not say that, because it is the misfortune, while every other business has in some sense received the paternal care of the Federal Government, a most important business, a business connected with every fiber of our commercial life, a business which relates to man from the cradle to the grave, has never received the paternal care of the Federal Government, and to my knowledge and from my own investigation this is the only Government which has not recognized it or given it some official standing.

I do not argue the question of supervision, however, but I argue the question of utility, of public information (for the public welfare and guidance), of a bureau of statistical information, a bureau to gather proper compilations. The advantage of such a measure is so great that after its creation you will all the more realize the importance of improving its powers.

But I will not enter into that subject at the present time. I have made a lifelong study of this question, and if it would be agreeable to you, if such bureau should subsequently lead to official supervision or regulation, I should be glad to submit to you the collated opinion of eminent jurists on that question which I have compiled. In a recent address before the insurance commissioners at Detroit I had the honor to speak of the constitutionality of that question. We are not discussing that now, but I shall be glad to submit to you these constitutional authorities and opinions of eminent jurists for your consideration.

Mr. MANN. Would it be your idea in the case you mentioned that that official might have made inquiry as to the reliability of the insurance company?

Mr. COHEN. They certainly could make the proper inquiries and would get the most intelligent answer. The misfortune—

Mr. MANN. But is it your idea that the department or bureau you speak of could inform him as to whether a company was a reliable company?

Mr. COHEN. They could send him their collated statistics or their tables of assets, liabilities, etc., of such a company, and that would sufficiently post him, and then the very fact that such a constituted officer of the bureau would not recognize a concern that had no standing is of itself evidence that it would be considered a wild-cat; it would post him to be guarded and to make the inquiries; then he would find out it was not entitled to public confidence.

Mr. MANN. That is what I wanted to get at. Would the insurance department inform him that it was a wild-cat concern, in your opinion?

Mr. COHEN. To some measure it would, but unfortunately the insurance regulations by the States—you are speaking about the States?

Mr. MANN. No; I am speaking about this proposition—

Mr. COHEN. Oh, certainly. Unfortunately for the insurance departments of the States they are often only cognizant of frauds after the frauds have been committed. As we have found right here, the department could not take cognizance of a fraud until after it is committed.

There was a concern here that was supposed to emanate from Delaware. They wrote a mass of insurance here. Of course people thought it was a bona fide company, but until the claimants tried to recover their money the department never found out that they were operating here, and they could not exclude them until they found out it was a fraudulent concern.

Mr. RICHARDSON. Why could you not have under this department of insurance, according to the proposition that was made by the gentleman who preceded you here, why could you not have a superintendent of the divisions something on the nature and plan of Dun's Agency, making reports regarding the standing, what the public principally needs to know?

For instance, take myself individually. I have my life insured. I do not know for certain whether I am in a reliable company; but Dun reports on mercantile matters, he gives a correct statement—

Mr. COHEN. Dun does not go into fraudulent concerns. You mean the Government department?

Mr. RICHARDSON. Yes.

Mr. COHEN. Decidedly; that is the point that I am arguing, because they can probably get information that not even the State insurance departments can obtain. Besides, they can correlate the statistical information furnished by the various State insurance departments into one tabulated or general statement, and it would be a splendid—

Mr. RICHARDSON. I do not believe that such a policy as that, though, would put the Government in the position of making unnecessary inquiries into the private affairs of people, because insurance has come to be such a public matter that it has got to be a matter of public policy.

Mr. COHEN. I agree with you fully; I am arguing on that very point.

Mr. MANN. That is what I wanted to know.

Mr. ADAMSON. You think a Federal bureau could be relied upon to inform the public as to the unreliability of insurance companies?

Mr. COHEN. Yes; or if they omitted companies that were not reliable—

Mr. ADAMSON. That would be equivalent to a black list?

Mr. COHEN. That would show that they had no legal standing.

Mr. ADAMSON. You think that would render it unnecessary for State legislation to protect local people?

Mr. COHEN. To some extent, because—

Mr. ADAMSON. You understand, as things now are, each State tries to protect its own people?

Mr. COHEN. But my statement is specially applicable to corporations or companies doing interstate-commerce insurance.

Mr. ADAMSON. In taking care of their own people I suspect it does sometimes operate harshly on good companies.

Mr. COHEN. It does.

Mr. RICHARDSON. A great deal of the insurance of this country is done by foreign companies, is it not?

Mr. COHEN. Not one-tenth. There is another point I would like to

invite your attention to: That in the course of time the educational process of such a bureau would be of vast benefit in bringing about uniformity in State insurance department regulations. It would do away with a good many of the harsh laws of reciprocity.

Unfortunately some officer of an insurance department of a particular State enacts a hostile law against a company. The other State will follow and enact a similar hostile law to get even. It injures not so much the company—because I want to impress you gentlemen with this fact, that whatever burdensome taxation or legislation you subject a company to, or a corporation to, you impose that tax upon the individual, the policy holder, who finally pays for it.

The CHAIRMAN. I would like to know if, in your opinion, insurance is commerce?

Mr. COHEN. Decidedly. I have been working on that principle for the last fifteen years, ever since I started Views. In fact, for the very reason I went into its publication was because I realized, as a newspaper man, that while every other business had to some extent the paternal care of the Federal Government, that of insurance had never received the slightest attention.

The CHAIRMAN. Have you a brief on that?

Mr. COHEN. I have an address here, which I delivered before the National Convention of Insurance Commissioners at Detroit some years ago.

The CHAIRMAN. Is it an argument to sustain that proposition?

Mr. COHEN. Yes, sir. I have it here, and I would like to submit it, with your permission.

Besides that, I want to impress you gentlemen that the bill before you is not a political or party measure in the least. I can even quote the Hon. William Jennings Bryan in reference to a sort of supervision over corporations. I can quote you one of your esteemed colleagues, Governor Sayers, of Texas:

There must be cooperation between both governments, general and local, each working earnestly and sincerely in its sphere, and that the subject of such regulations was indisputably within the domain of Federal legislation.

This is not a party measure. It is for the public interest. It is to do away with a great deal of the hostile requirements in many States that are not intended to injure the business, but because of laws of retaliation, etc., and because the taxation in one State is so and so, the taxation in another State is so and so, the requirements in one State are the very opposite in another State.

Now, I do contend that while not arguing the point of Federal control or regulation of insurance, but simply the point of information of such a bureau, that that of itself would bring about uniformity and promote friendly legislation. In fact, it would be an educator to the newly appointed superintendent of insurance of a State, who often has not the faintest conception of insurance and is appointed because of his political influence. If he could get hold of reliable figures and facts from such a bureau, see the vast benefit they would be to him, and the curtailment of a great many burdensome measures or probably unintentionally harsh interpretations, because he is not posted as to the business in general.

The CHAIRMAN. What are the methods by which you as a journalist now acquire information as to the general status of insurance in the United States?

Mr. COHEN. We have to take the charts that are published. We have to take the history of the various fire tables. We take the

standards and tables of life statistics from insurance trade publications. We get our information from various sources, from State insurance departments, which, of course, we then collate for our own information and for use in our journals.

The CHAIRMAN. Is it possible to acquire any considerable information from the insurance departments of the various States?

Mr. COHEN. Oh, yes; to a large extent—that is, as to the position and standing of most companies. They report upon their standing. But that information is mostly available to the professional man and not to the public.

Mr. COOMBS. Would your idea contemplate a supervision in the different States of those fraternal organizations that have a basis of insurance?

Mr. COHEN. Decidedly, if they could go so far. Unfortunately I realize the fact that politics plays some important rôle in that connection.

Mr. COOMBS. But here is the proposition: So far as gathering statistics is concerned, there is nothing in that that would interfere with the States, a Federal bureau going into a State and gathering statistics, whether it is interstate commerce or not.

Mr. COHEN. No, sir.

Mr. COOMBS. The idea would be that you would go into the homes of these fraternal organizations and quasi fraternal organizations?

Mr. COHEN. They could at least find out from their reports and collect them, and if they were in doubt about any matter of assets, or reliability, or standing, or status of such fraternal orders they should have authority to make their own investigations, and no doubt the State departments would greatly aid them, because we have realized that there are a great many fakes.

Mr. COOMBS. I suppose you are a strong advocate of the policy of life insurance?

Mr. COHEN. Decidedly.

Mr. COOMBS. And you would naturally be opposed to the growth of fraternal organizations?

Mr. COHEN. No, sir; not at all. I realize that they have been important factors in the growth of the business. The great misfortune has been that their system was wrong. I myself have belonged to numerous fraternal orders, and I have the highest respect for the men who endeavor to promote legitimate fraternal insurance.

Mr. RICHARDSON. But is it not a fact, referring to organizations of that kind, such as the Knights of Honor and that character of organizations—I believe they call themselves mutual organizations—that they are not conducted on business principles?

Mr. COHEN. That is the fact I was going to state. The misfortune is that they start with a wrong system.

Mr. ADAMSON. Does not the weight of the machinery wear them out?

Mr. COHEN. The system is wrong, and in the first place their mathematics are wrong. Two and two make four and man has got to die——

Mr. RICHARDSON. You understand it and I do not. I have been a sufferer from it. Take a man who starts in in one of those associations you have been speaking of, of a local character; they start a man in when he is, say, 28 or 30 years old, and he pays so much money a month, and when he gets up in years they treble it on him.

Mr. COHEN. That is because, as I say, of a wrong system. The system is unreliable and is founded on wrong principles.

Mr. RICHARDSON. Then under your theory they are bound to go into bankruptcy?

Mr. COHEN. Decidedly, unless they adopt what is termed the level-premium system.

Mr. ADAMSON. Do they not adopt something like the same figures you do as to the proportion of charges to ages?

Mr. COHEN. The misfortune is that those figures are far below the standard. You see, here is the trouble—

Mr. ADAMSON. Too cheap?

Mr. COHEN. Fraternal orders have made this mistake: They do not provide for the emergency which must come.

Mr. ADAMSON. It is too cheap to run the machinery of the concern?

Mr. COHEN. In other words, if they have to have a thousand members who are only insured each for a thousand dollars they are liable at some time for a thousand one thousand dollars; but if they figure, as they always will, to get fresh recruits, there is where the mistake comes. Here comes the law of nature—that when these associations reach the average age when death comes, taking the reasonable average results of mortality, then, instead of increasing the number of members when their assessments become very heavy, comes the rapid decrease. The very man who has had the benefit of cheap protection in the past also breaks faith with his fraternal order, because when it commences to go down hill he gets out, and thereafter leaves the greater burden on the aged member, whose payment constantly increases until finally he, too, is forced out.

Mr. COOMBS. Somebody has to lose in order to make up the gain to some one else in those things.

Mr. COHEN. No; I do not agree with you there.

Mr. COOMBS. In this: Suppose a new organization of 500 people; they all go in. It is calculated that one-half or two-thirds will fall out. They will have lost what they put in, and when they are out they can not get anything back, and that goes to the gain of some one else.

Mr. COHEN. That does not apply to the level-premium system, but here is the trouble in the fraternal system. The younger man, who can get insurance in a regular company, goes out and he leaves the burden upon the older man, and his withdrawal—the withdrawal of the younger man—constantly increases the average age of the association, and, consequently, the premium payments.

Mr. RICHARDSON. And the older man doesn't want to give up, and he therefore bears the burden?

Mr. COHEN. And another misfortune is that he may be in it forty years and then if he withdraws he has no rights or interests, whereas in the level-premium system he has his cash values, and in fact he has all privileges there which are guaranteed to him in his contract. The younger man, you see, withdraws from the association, and there is the weakness of fraternal insurance and also of assessment insurance, that when the average age of the association increases, then comes the rapid downhill process, and I am not saying that that means dishonesty in the fraternal association. I have myself belonged to them. Years ago I advocated in the Legion of Honor that they should increase their rates and create a sufficient reserve for their liabilities. It is always the old cry, "You are a level-premium advocate and publish an insurance journal, and you only see one side of

it, and you do not realize that we are going to get fresh young members"—but there is the mistake.

Mr. RICHARDSON. It is just like a man selling goods at cost. Bankruptcy is inevitable; it comes after a while.

Mr. COHEN. It is an astonishing fact, gentleman, that some years ago—take these bond bubbles that came from Boston. They organized over 12 councils in this very capital, most of them composed of the employees of the Government departments. They had a process of putting 1 or 2 men in each council, making them promoters, giving them an early maturing policy, a policy that would mature very early, and, of course, on the strength of the maturing of that \$500 or \$1,000 policy they would get additional members. Of course the balance of them got left. Before the expiration of the maturity of the contracts they collapsed, and it was a great hardship to many clerks in the departments who, of course, had gone into it honestly.

Now, these things could not happen, in my opinion, if a Government bureau was here to give proper information on those subjects. Of course I and other insurance journalists have done all possible to warn the public, but, as I have said, there is a kind of prejudice. They say: "He is a level-premium exponent; don't listen to him."

The CHAIRMAN. If your idea that insurance is commerce should not be adopted by Congress, would there still be sources of information from which a bureau of this kind could draw that would make a fund of valuable information to the public?

Mr. COHEN. Decidedly.

The CHAIRMAN. If there was nothing compulsory about furnishing information.

Mr. COHEN. Certainly; but I want to say right here my chief interest also in this matter is the hope that at some day in the future, when you gentlemen will have realized the great importance and the necessity of the regulation or the supervision of the business of insurance, that this measure will become the stepping-stone to Federal regulation. I want to go on record, because I have always been an exponent of that measure, not in behalf of insurance interests, but in behalf of the public.

Mr. COOMBS. Federal regulation, how?

Mr. COHEN. I could furnish you with evidence that would surprise you, of policies I have collated of fraudulent concerns, etc., that would certainly impress you, and with the hope that it may lead subsequently—I do not say now, because I do not believe, under Senator Nelson's bill, with the inclusion of the amendment as proposed, that that certainly is within the power of Congress and can not be questioned.

Mr. ADAMSON. A State that has the power to protect its own people in the trade is loath to part with that power to any other authority. There are certain States which, as you understand, require deposits and make other regulations for the security of the people who trade with outside insurance companies. It is not your idea to break down those requirements and simply to disseminate information?

Mr. COHEN. Some of them.

Mr. ADAMSON. Because there are many people in those States who will go outside and trade with cheap companies?

Mr. COHEN. No; I am not antagonistic to insurance departments in the sense mentioned. On the contrary, some of our leading insurance commissioners have become strong advocates of national regulation. I can quote you the names of some of our most eminent insurance

superintendents who are advocates of such a measure, because even Government insurance regulation would not do away with State insurance departments. On the contrary, it would aid it, it would be helpful to it, it would facilitate their business, it would be an educator for it.

Mr. ADAMSON. And if a company comes to Georgia, for instance, and buys \$25,000 of Georgia State bonds and deposits them there it feels at home, it feels like it has an interest with us; but knowing that 3 or 3½ per cent will not make money for insurance companies; as you say, they just add a little to the premium they make those fellows pay in Georgia, and they get along all right; but there are fellows there who are not willing to pay that price, and they go out—

Mr. COHEN. No; the point I make is this: That whatever burdensome taxation the State imposes upon an insurance corporation for the business of insurance, that eventually that tax falls upon the insured.

Mr. ADAMSON. The arrangement I speak of is not necessarily hostile—

Mr. COHEN. I am not answering that question at all; I am only talking of the general principle.

Mr. ADAMSON. But I was going to this point that I understood you were making; that the Federal bureau would nevertheless be a bureau of information.

Mr. COHEN. Decidedly. And another point I make that is within the scope of the amendment, within the scope of this bill as proposed. I do not see that there can be a constitutional question involved as to the authority of Congress to pass such a measure.

Mr. MANN. On that subject, for information, I understood you to say that fraternal insurance companies were founded upon certain delusions. Would your idea be that this department would publish such information as would show those delusions?

Mr. COHEN. I do not want to use the word "delusion" exactly; I think the word "mistake" applies better.

Mr. COOMBS. Illusion?

Mr. COHEN. It was the lack of knowledge, the actual lack of knowledge as to the requirements. I would substitute that.

Mr. ADAMSON. Is there anything wrong in publishing to the public just what the facts are about anything?

Mr. COHEN. Not at all. Every government in the world has its department to furnish information of that kind, and why should not the United States Government, with its growing expansion, the expansion of its commerce, of which insurance is such an important branch, have such a bureau for the public necessity and public welfare?

Mr. MANN. Whether you use the word "delusion" or not—you can say error—it is your idea that fraternal companies are founded on erroneous theories as to cost of insurance?

Mr. COHEN. Decidedly.

Mr. MANN. Evident cost?

Mr. COHEN. Yes, sir.

Mr. MANN. And that this department might furnish information which will remove those errors?

Mr. COHEN. And probably enable them if they saw fit to revive their methods, remodel their standards.

Mr. MANN. That would require a change in the whole method of fraternal insurance.

Mr. COHEN. To a large extent. Another point I make is that there are so many men who operate under the guise of fraternal insurance simply for the purpose of gain.

Mr. ADAMSON. Is it not true that when you take into consideration the legal as well as the general expenses of machinery of the organization that the old line companies have gotten to charging on straight policies, paying all your life, almost as cheap as any of them?

Mr. COHEN. Why, to me it is a revelation—the great record of American life insurance corporations in the business of insurance, and it is a wonder to me that the average investor himself does not more largely subscribe to life insurance. There is just this difference in the level premium company and—

Mr. ADAMSON. Of course the special policies are lower, but I am speaking of the straight life.

Mr. COHEN. But there is no policy but has its cash value and its reserve value. There is just this difference between fraternal insurance and the level premium system. It is just like the poor man who has to buy his coal from the wagon and the rich man who buys his coal by the ton or the carload. The average experience of American life insurance is that at the expiration of any period in the contract your insurance has not cost you 1 cent, except, perhaps, the interest results of your annual premium which has helped to pay the man that dies on the roadside or suddenly dies from accident; that contracts a mortal disease, etc.; that your interest results may have paid for; but at the expiration of any period you get back, or your estate gets back, all that you have paid in.

Mr. RICHARDSON. Leaving the fraternal question, you mentioned just now in answer to the chairman that you had delivered an address that you wanted to submit to the committee, bearing upon the question as to whether insurance was properly classed with commerce and as to the constitutionality.

Mr. COHEN. Precisely.

Mr. RICHARDSON. In delivering that address and in arguing the constitutionality of it you must have made it on some arguments made against its constitutionality. Now, would you briefly tell us the line that is pursued by anyone who says that it is not constitutional and is not included in that general class of commerce in the Constitution?

Mr. COHEN. As so ably expounded by the gentleman who preceded me yesterday, Mr. Charlton T. Lewis, it is the old bugaboo of Paul v. Virginia, and in that very decision, so you may have some understanding as to the business of insurance at that time and to-day, it was stated by Justice Field that the policy could not be enforced until it was delivered by the local agent. Imagine the position of a company to-day with such a decision!

For instance, apply such a decision to insurance to-day. As I say, since that time the growing requirements of the nation and the growth of commerce has so broadened our interpretation of the Constitution that I have mentioned all these quotations in this very paper that I read before these insurance commissioners, which I will be glad to submit to you.

In this case in the Supreme Court (*The Pensacola Telegraph Company v. The Western Union Telegraph Company*, 4 Otto) the Supreme Court held that the power conferred upon Congress to regulate commerce among the several States is not confined to the instrumentalities of commerce in use when the Constitution was adopted, but that the power to regulate "should keep pace with the progress of the

country and adopt themselves to the new developments of time and circumstances."

I can refer you to James Bryce in his great work, *The American Commonwealth*. There he has clearly shown how the Constitution has grown by judicial interpretation, by legislation, and by usage of tacit understandings, and that the Constitution was a condensed statement of general principles in which, very fortunately, much was left to interpretation and construction in practice.

Mr. COOMBS. Would it not be well for you to give us a brief in which you would establish your proposition—or constitutional proposition, at least—by the citations?

Mr. COHEN. Certainly, if you desire.

Mr. COOMBS. Not simply giving the pages, but parts of the opinions that you rely upon.

Mr. COHEN. Yes, sir.

Mr. COOMBS. If you please, we will be glad to have you do that. and if you can give us that in a few days we will be glad to have it included with your statement and printed.

Mr. COHEN. I only wanted to set myself clear before your committee; that I am not bringing this as an argument for this measure. I am bringing this as an argument for the subsequent powers that may be conferred upon the Department.

The CHAIRMAN. You want to have life insurance regulated. Do you think it will be proper for the Government to look after fire insurance also?

Mr. COHEN. All branches of insurance, all kinds of interstate-commerce insurance. And I do believe positively that when Congress shall declare corporations engaged in insurance beyond the border of the States in which they are incorporated to be engaged in interstate-commerce insurance that very passage and legislation of Congress of itself makes interstate insurance under the power conferred by the Constitution, and that it will be upheld by the Supreme Court.

Mr. RICHARDSON. You would apply your theory also to marine insurance?

Mr. COHEN. All classes of insurance, including marine insurance and accident insurance.

STATEMENT OF MR. W. F. THUMMEL, OF NEW YORK.

Mr. THUMMEL. The Chairman a few minutes ago propounded an inquiry to Mr. Cohen, That aside from the constitutional question, leaving that out, would there still be a field for this proposed bureau?

With your permission, I will devote myself for a few moments to that question.

I had the honor of drawing the proposed amendment that was yesterday presented to you by Mr. Lewis, and it was exactly with that idea and theory in mind that I used the language I did in drawing that amendment. It did not occur to me, or, rather, it did occur to me, that at this time this committee and Congress would probably not desire to go into the question of the constitutionality of making insurance interstate commerce—that that would be an afterconsideration; and I drew that amendment so as to give the proposed bureau an opportunity to do certain work and to show to Congress and the people what, if any, further work would be desirable.

Now, take it in the matter of fire insurance. I want to state, however, that I am not representing fire companies, but am taking that

up as one of the proposed fields. There is an annual fire waste in this country of very large proportions. It amounted last year to \$160,000,000. That was the property that was destroyed by fire. In 1896 it was \$118,000,000. In 1897 \$116,000,000. In 1898 it was \$131,000,000. In 1899 it was \$153,000,000. In 1900 it was \$161,000,000, and in 1901 it was \$160,000,000. In five years the fire waste has been \$721,000,000. Now, this includes only such fires as have been reported, and it does not in any sense include the unreported fires or the forest fires, matters of that kind, which would be fully 10 per cent more.

Mr. COOMBS. Do you insure forests?

Mr. THUMMEL. No; I am giving you the fire waste, not the amount that the fire-insurance companies have paid; simply the amount of property that has been burned, that has disappeared from the wealth of the country. And in that connection I will say that the fire-insurance companies last year only returned to the losers of that property something like \$90,000,000. That is as much as was insured. Now, that \$160,000,000 is absolutely taken out from the wealth of the country; it is gone; no part of it can be reclaimed. The amount of money that is paid to the individual losers is simply money that has been collected from other people and turned back to them. It may make the individual whole, but it does not make the country whole. The public at large are the losers by that amount.

Take the city of Paris—where 53 cents worth of property burns up there \$2 of property burns in Chicago. Now, there is one of the matters, and that is what I desire to call attention to—

Mr. COOMBS. Please make that statement again.

Mr. THUMMEL. That in proportion to the amount of property—I will put it in a little different way—in Paris only 53 cents' worth burned where in Chicago \$2 worth burned; that is, for every fire that burns up 53 cents' worth of property in Paris \$2 worth is burned in Chicago. More would be burned in St. Louis, possibly a little less in New York. I have taken Chicago as being an average city.

Now, as to the causes of this fire waste and as to the remedies for it. It seems to me there is a large field just in that one particular item for this bureau, and that is one of the matters I had in mind in drawing that amendment.

Mr. ADAMSON. You do not undertake to tell us why it is that four times as much burned here as in France.

Mr. THUMMEL. I can tell you; yes, sir.

Mr. ADAMSON. Why is it?

Mr. THUMMEL. It is due to three causes. One is the superior building laws, the second is the superior labor laws, and the third is the law in Paris that prevents a man from benefiting by his own wrong. In the city of Paris—and I presume it is the same in all France—before a man can make a claim on an insurance company under a policy he holds he must satisfy the authorities of the city that that fire has not occurred through any fault of his own or of a member of his family or an employee. There are no such regulations as that in this country.

Mr. COOMBS. Is not that a hardship to the insured?

Mr. THUMMEL. Yes, to some extent; but it makes the assured very careful to see that no fires occur on his premises.

Mr. COOMBS. Suppose a servant maliciously burnt a man up, what would you do in that case?

Mr. THUMMEL. I presume in that case it would follow the usual

course of law, and he would not be responsible for the malicious acts of his servant.

Mr. ADAMSON. Not responsible for his control?

Mr. THUMMEL. That is it.

Mr. COOMBS. He would be responsible for the carelessness of the servant?

Mr. THUMMEL. For his carelessness, yes.

Mr. MANN. Are they permitted to waive that in insurance policies?

Mr. THUMMEL. I do not think so, because that is a Government regulation; they would not be permitted to make the claim, and I presume—this is purely theory on my part—that that difference between the laws there and here is one of the main reasons why there is no French company doing a fire business in the United States.

Mr. COOMBS. Is that the tendency of the companies in the United States—to bring about those restrictive laws?

Mr. THUMMEL. No, sir; it is not. I was merely answering Mr. Adamson's question.

Mr. ADAMSON. Your second reason was the superiority of the labor laws. In what respect do the labor laws there affect the question differently from our labor laws here?

Mr. THUMMEL. Probably the best answer I can give you to that is a little illustration. The laborers, the mechanics, are educated to take a greater pride in their work, to see that it is done better, finished up better, than in this country. I live in an apartment house in New York. I moved in there last fall when it was new. I was probably the fifth or sixth person to move in there. There are twenty-one apartments in that house. Each one has a gas grate.

After I had been there about two days I had occasion to examine that grate, and I found that the flat arch that was over the grate had been supported during building by a 2 by 4 pine stick, that was within easy reach of the flume, and that not one of those sticks in the twenty-one grates had been removed by the workmen when they got through. That is partly the fault of the workmen and partly the fault of the building laws. Such a thing as that would not have occurred in France, I am informed.

Mr. ADAMSON. I do not understand why we can not do it as well as they can.

Mr. THUMMEL. We can do it.

Mr. ADAMSON. I thought we could beat anybody.

Mr. THUMMEL. We say we do, but, as a matter of fact—

Mr. ADAMSON. It is in the papers.

Mr. THUMMEL. But, as a matter of fact, we do not. There was a house. I want to say another thing just in regard to building. I was talking one time with a bricklayer. Your chairman knew him well. He had been living in Iowa for over fifteen years at the time this conversation occurred. He was a good workman; he knew how to do good work. He told me that with one single exception he had never helped lay a decent, workmanlike wall since he had been in Iowa. There were no building regulations there; they could lay the kind of walls they pleased. In other words, he had not given the maximum strength and efficiency to the work, he had not gotten all he could out of the material he was using. He knew how to do it, but it was not required of him, and he did not do it, because it was easier to do it the other way.

Leaving that subject, I want to call attention to the fact that there are some forty-odd foreign companies doing business here, mostly in

fire; in fact, these are all fire-insurance companies. They have invested in their business something like eighty-odd millions of dollars. It is more than that rather than less. The American fire companies have invested in their business nearly \$300,000,000. There are \$400,000,000 that are invested in that one industry alone.

I would think that a bureau could be quite busy in getting statistics in regard to that business, statistics that would be of value to everybody.

Mr. MANN. Do those cover all the fire-insurance companies doing business in this country?

Mr. THUMMEL. No, sir; only those doing business in certain jurisdictions. They do not cover the mutuals or companies that do business in restricted locations.

Mr. MANN. I mean the straight out—whatever you call them—insurance companies?

Mr. THUMMEL. Yes, sir. The biggest company in this country, the Home, of New York, has assets of over \$15,000,000; the Aetna has assets of something over \$14,000,000; the Hartford has assets of over \$12,000,000; the Insurance Company of North America has assets of a little over \$10,000,000.

Those are the largest fire-insurance companies that there are in this country, and, so far as we can tell, they are the largest fire-insurance companies in the world, because foreign companies—the English companies—are both fire and life companies, and we have no means of separating their assets, the life assets from the fire assets.

Mr. MANN. When you spoke of a little over \$400,000,000 there, do you mean the capital or the assets?

Mr. THUMMEL. Those are the assets.

Mr. MANN. All the main fire-insurance companies doing business in this country?

Mr. THUMMEL. Yes, sir; the capital, of course, is very much less. Take the Home Insurance Company, for instance, with \$15,000,000 of assets. It only has \$3,000,000 of capital. The Etna Fire Insurance Company has a capital of \$4,000,000; the Hartford Company has a million and a quarter; the Insurance Company of North America has \$3,000,000 of capital, if I remember correctly.

Now, going to the assets of the life companies, the Mutual Life, which is the largest company in the world, has assets of \$352,000,000; a little over that; I am giving you the round millions. The Equitable has assets of \$325,000,000. The New York Life has assets of almost \$300,000,000, and the Northwestern Mutual has something like \$170,000,000 of assets.

Those four companies have assets of over \$1,000,000,000. There are other, and a great many other, large companies. It seems to me that a business that has as much wealth as that is a proper subject for the attention of the United States Government. They never have been active in anything but their own business, but corporations sometimes do get busy, and it would seem to me that it would be a very proper thing for the United States Government to know something about what these corporations are doing.

Mr. COOMBS. Do you think we have under the Constitution power to regulate?

Mr. THUMMEL. My own opinion has always been that there is that power.

Mr. COOMBS. In that connection, if we have that power, has the Congress then, in pursuance of its powers under the Constitution, a

power to make laws with reference to liabilities, taking it away from the powers of the States, just as they do in Paris?

Mr. THUMMEL. No, sir; because that would be a local matter that would be entirely—

Mr. COOMBS. Does not one follow the other?

Mr. THUMMEL. Because—

Mr. COOMBS. Considering the power of Congress to regulate under the commerce clause, would they not have a right to pass all laws with reference to liabilities of companies; their relations between the companies and the insurers; also all laws affecting crimes and misdemeanors and penalties that would naturally arise between the insured and the insurance companies?

Mr. THUMMEL. I think I have the idea that you have in mind.

Mr. COOMBS. You need not answer that now. I would like to have an opinion about it.—

Mr. THUMMEL. I was going to say that was a matter I have not given particular thought to, but, as it flashes over my mind, I would say this: That if Congress has power to regulate insurance, as the States have assumed to do—power, perhaps, to say what kind of contract should be issued or could be issued—and if they could say what kind of a contract should be issued, they certainly could say under what condition that contract could be enforced.

Mr. COOMBS. Following that out logically, now—

Mr. THUMMEL. That is what I was trying to do—

Mr. COOMBS. Yes—

Mr. THUMMEL. As I say, I have not given that thought. That is as it strikes me on the spur of the moment.

Mr. COOMBS. That would not leave the State any authority at all.

Mr. THUMMEL. I would not say that.

The CHAIRMAN. Precisely the same authority it would have now over State commerce that was begun and concluded within the limits of the State.

Mr. RICHARDSON. If I understand the gentleman, the question that he had not given particular attention to was the authority of Congress along the lines described in the matter of contracts, then the breach of contracts, and the penalties. That, I say, followed out upon that line as to insurance and kindred matters, would not leave the States any authority on those subjects?

Mr. THUMMEL. As I said, I have not given thought to that, and I would not like to be quoted as having any decided opinion on it until I had given it thought.

It would seem to me, though, that one would carry to some extent the other.

Mr. ADAMSON. It would nullify all effort and connection the State has with companies outside the border of that State.

Mr. THUMMEL. I do not think so, because it is getting to be a pretty well-settled proposition that a State has jurisdiction to say under what terms it will admit corporations from other States to do business within its borders. They are exercising that power right straight along in regard to other corporations that are engaged in interstate commerce.

Mr. ADAMSON. A court might hold that a policy mailed from New York to Alabama was an original package inside of Alabama and not subject to be tampered with.

Mr. THUMMEL. They would not have to do that, because Uncle Sam would not allow it to be tampered with.

Mr. ADAMSON. I say after it got into the State of Alabama.

Mr. THUMMEL. The United States Government is the only Government that has sought to tax a policy. The States tax premiums; the Government of the United States has taxed policies. The question of the State taxation came up on yesterday very briefly. I have given that considerable thought at one time and another, and I do not think that, even if Congress was to legislate fully in regard to this matter, it could affect the question of the right of the States to derive a revenue from the business done within their borders.

Mr. ADAMSON. Would you be satisfied with a bureau of information, to collect and disseminate information on the subject, without the enactment of any drastic laws to regulate?

Mr. THUMMEL. That is all I have asked for.

Mr. ADAMSON. I believe I can compromise with you on that.

Mr. THUMMEL. If when that information had been collected it should be seen that that would go to the full extent, or that nothing further was necessary, I certainly should not ask for anything more.

Mr. RICHARDSON. It would not be compulsory, then?

Mr. THUMMEL. It would be to some extent. There would not be any more trouble in getting the facts than it is for the Agricultural Department, for instance, to get facts.

Mr. RICHARDSON. If it was in the nature of a compulsory act, then the failure to comply would call for some penalty.

Mr. THUMMEL. I would think that would be very desirable, because the reputable companies would be very glad indeed to supply the information. It would only be the so-called wild-cat companies that would dislike to do it. You do not have any trouble with the honest man to get him to tell facts; it is the rogue you have trouble with.

Mr. RICHARDSON. If you had them all honest—

Mr. THUMMEL. If we had them all honest, we probably would not need any regulation.

Mr. MANN. There is no suggestion here that a penalty should be provided for for the present?

Mr. THUMMEL. No, sir.

Mr. MANN. That would be a matter for after consideration?

Mr. THUMMEL. A matter of after consideration.

I have here several copies of a brief that has come into my hands upon this commerce clause of the Constitution. I can distribute some of these copies.

(Adjourned.)

THURSDAY, *April 3, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

ADDITIONAL STATEMENT OF MR. MAX COHEN.

Mr. COHEN. Mr. Chairman, I unconsciously omitted to make reference to a very important point in this hearing yesterday, and that is to the international character the business of insurance has recently assumed.

We find that each year American companies have been influenced to go into foreign countries. Recently the Preferred Accident Company of New York, in the accident business, established agencies

in Great Britain. More recently the Fidelity and Deposit Company of Maryland, a surety company, entered Great Britain. Also, of late companies have entered Cuba and some of them already the Philippines.

This is the natural trend of events. It has come about by the popularity of the American methods in insurance, and to my knowledge most of the solicitation has come from the citizens of the foreign countries to represent them there.

Only recently I received several letters from gentlemen of good standing in their communities, asking me if I could interest myself in getting agencies of American companies for them. You must also recognize that that condition has been brought about by American methods of push, enterprise, liberality in the provisions of their policies, prompt payment of losses, especially of such large figures that some of our European friends can hardly conceive that they should be so promptly paid, that has made them very popular. Necessarily this has also brought about a feeling—I want to be mild—well, I think envy is a good word, among the home companies, and as a result and for their protection and no doubt inability to compete with these live Yankee methods, they have in some instances combined to squeeze them out of the country, if they can.

In fact I may say, because I am somewhat familiar with the subject as an insurance journalist, that it has been a humiliation to the American when he has discovered, as in the case of the Mutual Life Insurance Company of New York in the Kingdom of Prussia, after that company complied with all the conditions, after they rendered statements that could not be converted, after they had done everything in their power to be placed on a similar footing with the home companies and that which we accord to foreign companies when they do business in this country, they were—well, they were expelled; that is the truth of it, and in tracing up their expulsion there could be assigned no other reason than that, back of it all, was the bitterness of feeling among the home companies.

Then the American felt all the more the necessity of Federal recognition for the business of insurance, and it was because in the correspondence as outlined to you by Hon. Charlton Lewis that the company was virtually used as a football.

I had a representative in Berlin at the time for my journal—a very loyal Prussian, a good, loyal German, but a fair-minded gentleman—who posted himself thoroughly, who is a scientist, and has some reputation in Germany as a political economist. He came to the conclusion that it was not an act of regulation, but an act of spoliation. I give his language as translated to me; it was in German. I do not care to mention his name; it might put him to some trouble. In reviewing and in also considering the official correspondence that necessarily took place under the auspices of the United States State Department, the Prussian Government could very easily ignore their request, etc., because they could easily retaliate: “You have given this business no standing in your own country, and why do you seek for a standing here?”

I can quote in connection with the discussion of this measure one of the ablest gentlemen, who to-day stands at the head of the life-insurance profession, the Hon. John A. McCall. I know when he was insurance commissioner of the State of New York—and it is now recognized that he was one of the ablest commissioners that New York State ever secured; he had been appointed by ex-President Grover

Cleveland; he had been recognized as an efficient deputy officer and promoted to the position of superintendent—I know that he declared that at no time during the administration of his office as such superintendent did he come to any other conclusion but that in connection with State supervision we ought to have a Federal bureau.

I know that the Hon. William A. Fricke, during his administration of the office of insurance commissioner of Wisconsin, likewise went on record favorable thereto. I know that the Hon. William A. Hart, who is now auditor of Indiana, and who is the president of the National Insurance Commissioners' Association of this country, has also squarely placed himself on record as favoring the measure.

The CHAIRMAN. Suppose that the amendment suggested should be grafted into legislation. In the absence of any compulsory protest, would it be possible for this bureau to secure such full and complete information with regard to all insurance companies as to, when published, put the public on its guard as to insecure or fraudulent concerns doing business?

Mr. COHEN. Decidedly.

The CHAIRMAN. Without compulsory process?

Mr. COHEN. Yes, sir.

The CHAIRMAN. What would you say in reference to the ability of this bureau to secure information with regard to the foreign companies that are doing business here that would have or might have the like admonitory influence upon the public of this country?

Mr. COHEN. It would have all the better scope than that now possessed by the State departments; all the better, and it could put itself in closer touch with foreign bureaus of such governments.

The CHAIRMAN. Would it be possible to publish that information in such condensed and concrete form as that it might be utilized by the average citizen?

Mr. COHEN. Well, if he would be desirous to post himself as to the standing of such a company that could be easily done and done very briefly. Now, some of the insurance journals publish charts of fire companies; some publish charts of light companies, fidelity companies, etc. Now, then, a bureau of this kind could secure this combined tabulated matter and collate it into such form as would give most intelligent and concise information.

The CHAIRMAN. In your judgment ought this bureau to have any such authority, as, for example, the Post-Office Department has in reference to the fraud order?

Mr. COHEN. That is a question which I do not at present like to answer, because it may go beyond the scope of the resolution introduced by Mr. Charlton T. Lewis. I favor, of course, subsequently, greater power for this bureau.

The CHAIRMAN. You would not think then—it is not at present your opinion—that this bureau ought to have any admonitory or advisory power with regard to a specific company?

Mr. COHEN. I believe it ought to have, but I do not think that is within—

The CHAIRMAN. May be I have not made myself understood. Suppose it should be apparent to the bureau that a company is not solvent or that its purposes are fraudulent, or that there is some manifest and dangerous concealment in their methods of doing business. In your judgment should this bureau have the power to point out defects in methods of honest business?

Mr. COHEN. I would say that they certainly should have the power

to authorize the proper officers to punish violators of law; that they should have that, but that the bureau——

The CHAIRMAN. At this time, do you mean, or at a later stage?

Mr. COHEN. I mean at this time, because fraud at all times is punishable by law, and they could authorize the proper officers of the Federal Government to enforce measures for its suppression. That is my opinion.

The CHAIRMAN. But if this Bureau at this time goes beyond the domain of collecting and disseminating information, does it not necessarily bring up the question of whether insurance is commerce and whether there is Federal authority?

Mr. COHEN. Not at all; because at the present time the Census collects statistical information.

The CHAIRMAN. Yes; but the Census does not prosecute anybody.

Mr. COHEN. Well, I believe the Federal Government has the power at all times to prosecute and punish fraud.

The CHAIRMAN. I did not know that.

Mr. COHEN. I know that the Postmaster-General never hesitated to exercise that authority.

The CHAIRMAN. Oh, yes; his institution is one of those that is recognized by the Constitution. Here is a debate on hand as to whether this one would be recognized by the Constitution for any other purpose than merely as a statistical bureau.

Mr. COHEN. Well, there is one thing that will be conceded—that when they point out a fraudulent concern that if the Government does not or can not take any steps that the State certainly will. So there is a beneficial influence in that direction, and that does accomplish a great object—protection of its citizens.

Mr. TOMPKINS. Why would not the punishment of frauds in insurance come within the legislative power of Congress as well as the adulteration of food products, such as oleomargarine?

Mr. COHEN. If it does not, it ought to.

The CHAIRMAN. It does that, you know, under the commerce clause of the Constitution, and it does it only with reference to those frauds that are perpetrated in connection with interstate or foreign commerce. There is the constitutional power; but insurance has not yet been held to be commerce.

Mr. TOMPKINS. I do not know why it should not be.

Mr. COHEN. Simply Congress has never legislated upon the subject.

Mr. TOMPKINS. Or raised the question?

Mr. COHEN. Or legislated upon it.

The CHAIRMAN. That is a constitutional problem rather than a legislative question.

Mr. TOMPKINS. What is the difference between commerce and business, practically?

The CHAIRMAN. I do not know that I am a lexicographer, but it is not even business and it is not even commerce that Congress can take jurisdiction of. It must be that which is between the States or with foreign nations or with Indian tribes.

Mr. COHEN. Pardon me, but insurance is an instrumentality of Congress, and that has been defined as constitutional and within the power of Congress when it is an interstate transaction.

The CHAIRMAN. Yes; but as against all of this argument and this speculation and this belief of you and me and a great many other people, we are confronted by the bald and naked declaration of the Supreme Court that insurance is not commerce. It is very old, I will

admit, and was pronounced as dicta, perhaps, and under very different circumstances.

Mr. COHEN. If you will carefully read that statement, Mr. Chairman, you will see the learned justice himself excluded life insurance, and his very definition led the modern interpreters of the Constitution to give the decided opinions that had Congress legislated upon insurance that decision would have been entirely different. But the Supreme Court never goes into a supposition of a case until it is so decided—

The CHAIRMAN. I do not see how a legislative enactment could give breadth or new meaning to language. Insurance is commerce or not because of facts and not because of a legislative declaration, and I can see why—I can see a great many reasons why—a court might hold that fire and marine, especially marine, insurance is commerce, while they might not be willing to hold that life insurance is commerce, because the conditions that establish the fact of instrumentality in the one case do not exist in the other case.

Mr. COHEN. Pardon me, Mr. Chairman. I differ with you because life insurance has assumed such a different phase since that decision. It has gone, you might virtually say, into the banking business. It makes its investments; it makes its accumulation of capital, of its surplus, to meet its liabilities; it publishes and inserts in that contract it furnishes to the public its cash values year by year, and its surrender values; it furnishes loans to the insurer when he is in distress, and it is just that phase of it that has made it more than any other branch of insurance an article of commerce. That is my humble opinion.

Mr. TOMPKINS. The endowment policies.

Mr. COHEN. As I say, the endowment and other form of policies, the cash values, the reserve, the loan values, which are expressly stated in the policy.

The CHAIRMAN. Still the power to insure a cargo or a vessel lessens the hazards of trade, and it has become so much the custom to rely upon that that it would undoubtedly be a wonderful impairment to the possibilities of commerce if the inability of men to insure should become a fixed fact; men would not undertake ventures that they now do if that was so.

Mr. COHEN. But that should be applied with all the greater force to life insurance. You will find that some of our greatest commercial lights, when entering into partnership, take what they call a copartnership policy; they take such policies to maintain the prestige, the honor of their firm, to insure its maintenance, I mean to say, in order that there shall be a certain amount secured to provide its liabilities in case of death of one or the other of these partners. That gives to the merchant that security, that ability to meet his obligations that he so desires, because he knows, no matter if he takes the last penny out of the money drawer, that in case of his demise his family is protected.

The CHAIRMAN. Let me ask you, please, what are the partnership policies?

Mr. COHEN. As a rule, it is generally mutually agreed between the partners that they insure their lives for the benefit of the firm, or fix it so that the estate of the firm shall receive the insurance money, or that a certain amount of the money shall go to designate beneficiaries.

The CHAIRMAN. Is there an insurance of firms, of the lives of the members, for the benefit of the copartnership?

Mr. COHEN. Yes, sir; that is a mutual agreement entered into between the partners, and the company furnish them such a form of policy. We have the illustration of Mr. Wannamaker, who started with a little \$2,000 policy, and gradually as business increased the amount of his indebtedness increased also, to make sure that whatever happened not only that the prestige of the firm should be maintained—that is, the name of Wannamaker also—but that his family should be well taken care of. He has increased his insurance until to-day I guess he is the largest insurer in the country.

Mr. COOMBS. The Constitution of the United States contemplated that the State gave to the General Government certain powers and certain jurisdictions, which were restricted and limited. In everything else the States are sovereign. In those particular things given to the Government it is sovereign and its sovereignty is paramount, exclusive, and complete. Now, you are invading a field in which Marshall would walk with a great deal of apprehension. You say that insurance is an instrumentality of commerce.

Mr. COHEN. Pardon me right there; I say it will be made an instrumentality of commerce as soon as Congress so legislates.

Mr. COOMBS. Very well. Then you draw a line between the State and the General Government with reference to the sovereignty or jurisdiction of each, and when you say that Congress can regulate it—mind you, regulate it—that goes beyond the idea of gathering statistics—

Mr. COHEN. In answer to that question—

Mr. COOMBS. Wait until I finish. When you say Congress can regulate it, then you mean to say it comes within those powers which are given to Congress by the Constitution over which the Congress has thorough, absolute, and complete control to the exclusion of the States?

Mr. COHEN. I positively say that, meaning interstate commerce.

Mr. COOMBS. That is the question we are approaching now in this discussion.

Mr. COHEN. Or corporations when engaged in interstate commerce beyond the borders of the State in which they are incorporated. I want to emphatically state that I do not apply any of this argument to the provisions of the subject-matter introduced, because there will be, in my opinion, no different opinion but that the measure in this bill is within the provision of constitutional law. My statement applies as to what I believe will subsequently come.

Mr. COOMBS. This debate has taken a more extended domain.

Mr. COHEN. Yes; I do not want it to apply to the present amendment at all, because that certainly requires no constitutional amendment; but my statement was made with reference to what I hope to become the greater power and scope of such a national bureau, and I believe that will eventually come.

The CHAIRMAN. This is the entrance of the camel's nose.

Mr. COHEN. I believe it can be made a stepping-stone; I frankly make that admission. We have, for instance, a newly instituted insurance department now in this District, conducted by a very competent gentleman. In fact, I compliment Commissioner Macfarland in securing such an able gentleman. But this is all local; you can readily see how the Government can utilize all statistical information attainable through such departments and then present it to the public for their benefit and their protection.

Now, of course, no citizen outside would think of applying to the insurance department of Washington. Some of our citizens here may

do so; but the first thought of any citizen of the United States would be to apply to the National Government and to its bureaus.

The CHAIRMAN. Have you any information as to the losses to the public that result annually from underwriting by insolvent or fraudulent companies? Is there any way—

Mr. COHEN. There is no way except to estimate.

The CHAIRMAN. Is that sum estimated to be large or—

Mr. COHEN. Very, very large. I think some years ago in this District of Columbia, to my own knowledge, there was a loss of over \$600,000 in one year, and it worked the greatest hardship among the Government employees, as I stated yesterday, by these insurance bond bubbles—

The CHAIRMAN. For instance, looking back to the great fires of Chicago and Boston, could this information have, in your opinion, avoided any considerable portion of those losses?

Mr. COHEN. You mean the fire loss?

The CHAIRMAN. Yes; that is, I mean the losses to the insured, not through the fires, but through the companies.

Mr. COHEN. The inability?

The CHAIRMAN. The inability or unwillingness of companies to pay.

Mr. COHEN. Unfortunately, in that connection, a great deal of that loss was due to what we call mutual insurance.

When losses occur largely in a local community then comes, of course, the greatest punishment on the local companies. The Chicago fire, therefore, necessarily made a large number of the local mutual companies collapse. It was simply impossible for them to meet the losses. Of course, there was no such calculation in any of their expectancy of such heavy losses.

Now, then, if we take into consideration, for instance, some four or five years ago, up to the last few years, they had a great many of these Lloyds. Some had honest promoters. Many, however, started on the method that other insurance concerns had the mistaken theory that there was going to be all profit and no loss. Then when the crash came and severe fire losses it caused a majority of men to collapse. When the law stepped in and made proper investigation in some of the States and saw that they had no means to meet their liabilities it closed them up.

I think it would be safe to say that there are annually at least \$5,000,000 paid for what may be considered fraudulent insurance in this country. The methods of their operation are unique and novel. They send out beautiful policies in large cities to agencies there, and offer a very large commission, contract a much larger one than the authorized companies can pay, and they often influence good men to represent them in those communities, and sometimes they have a little garret for an office, and they divide the premium with the agents who send them the business. But, as I say, the State departments, unfortunately, can not find out the violators until the crime has been committed. We had several cases in this city of that kind a few years ago.

STATEMENT OF HON. JOHN M. FARQUHAR.

Mr. FARQUHAR. Mr. Chairman and gentlemen of the committee: I represent, through resolutions passed February 13, 1902, the late Industrial Commission, aiming to carry forward as far as possible before the committees of Congress the findings of that Commission,

and this bill which is now before you has measurably come out of the investigations of our Commission during the last three years. The initiative of a Department of Commerce may properly be placed at the time of the first conference of the Central and South American republics and the United States under the auspices of Mr. Blaine.

Since that time among the commercial bodies of the country it has never been lost sight of, and when Congress saw fit to create the Industrial Commission nearly every manufacturer, every business man, every man engaged in railroad management, and I believe quite a number of labor representatives, in their testimony, at least, spoke of the desirability of a department of this kind, and many of them in quite lengthy testimony given, and printed by the Commission, have advocated the benefits that would occur to the commerce of the country.

To my mind, after the experience of our Commission in its investigations, I know of no bill before Congress to-day that is of more moment to the business men of this country than this present bill; and, while in your hearings here you have heard many secondary questions discussed, yet I hope at last the nucleus of this department will remain intact, so that the business men of this country may have somewhat of an auxiliary in exploiting foreign markets, not at their own expense, as they have done heretofore, but somewhat at the expense of the general Treasury, where their taxes have gone.

Another strong argument for this bill, and one that I make personally in the matter, is that I am desirous of seeing our foreign trade increased at the rate of at least 15 or 20 per cent every year, and that solely for the benefit of the workmen of this country.

All manufacturers who appeared before our Commission have contended that in the economies of their business it is desirable to have their concerns operated at least eleven months in the year. Many of them asked for twelve months. In the new arrangements made within the last two or three years between the organized trades of the United States and the great corporations, in these agreements it has been sought to make the labor permanent for the twelve months following, a good deal on the plan adopted by Great Britain since 1887, where, in finding foreign markets, the proprietors of silk mills, of lace mills, of cotton mills, and whatever else enters into the foreign commerce of Great Britain have had permanent agreements with their men for a stable rate of wages and regular hours, lasting from twelve months to eighteen months or even two years, and a few as long as three years.

These agreements obviate all the strikes, particularly in the textile industries of Great Britain. It gives the manufacturers who are seeking the foreign markets an assurance that in the meantime, while they are exploiting the markets, no strikes can occur, no disagreements can come about; they know exactly what the cost of the manufactured article is to be, and they know exactly how to meet the market and meet competition.

Now, so far, Mr. Chairman and gentlemen, this country has failed in reaching that class of harmony between the worker and the capitalist. You go to five bureaus or departments of the Government to learn of a market for your goods, to find information in respect to what is needed, to find rates, to find transportation facilities, and everything of that kind; you, at least, have got to go to three or four of them. You have got to go finally to the State Department for your business letter to your minister or to the consul to exploit your market.

Now, what has been wanted? And I speak from a knowledge of years, both while I was a member of Congress here as chairman of the Merchant Marine Committee that brought in the tonnage bill in the Fifty-first Congress and long before that as a commercial editor, and I think I know a great many of these difficulties, and I therefore feel the more serious in appearing before this committee to present some of them.

There is no such thing as American commerce proper. The American commerce is made up of corporations and individuals. That may seem a classification that would say whatever laws you made there were for the benefit of one class, and yet these parties, these individuals that make the commerce of America and exploit markets, carry with them in interest nearly the whole country, so that the interest is so diffuse that you can not say that it is legislation in favor of one class as against another or to the disadvantage or forgetfulness of the interests of any.

Take, for instance, the Standard Oil Company. The Standard Oil Company, bringing \$50,000,000 of money into this country every year, made their own markets, and made them against the world, against all competition. There is not a tariff act, there is not a single act of Congress in any way, that has aided that great company in securing the foreign markets they have secured. Take the manufacturers of sugar machinery. These men have had to go all over the sugar countries of the world, and through their own canvassers, their own promoters, have made their own markets there without a particle of help from the United States Government. Take the boot and shoe men, more especially of Philadelphia, who have captured the whole of the Australasian markets and are now the masters of the market of Paris and lesser cities in Europe. It was done at the expense of all these companies, without direct help from the United States Government.

Some of you may think that that assertion is too broad, because you expect that under the consular system there has been much help from it to the manufacturers. Well, when our consular system is as well organized as the British system, possibly it might be so. A British consul or a British commercial agent is in practice the immediate promoter of British trade, and the owner of the goods and the shipper of the goods are secondary. Go wherever you will, you find a British consul, a consul-general, or a commercial agent, and you will find in him a man who takes care of the markets, who advises the British board of trade of every single change, who sees to the shipment as well as the unloading, who sees to the insurance, who sees to the safety of the crew and its good order. In fact, he is almost a judicial officer as well as a commercial officer. You go to any other great port outside of the United States—and I am not sure but what it might prevail in this country too—you find a British ship, you find a German ship, you find a Spanish ship, and the Norwegian and the American—and there are very few Americans, but we will have to put the American in as a matter of illustration.

In fact, gentlemen, I must confess that it is the shame of this country that we have not our share of American ships on the ocean. I do not know whether it is a shame to our intelligence or what, but it is a lamentable condition that we have to pay \$150,000,000 or \$200,000,000 a year for freightage to foreign nations. In fact, we pay now for the carriage of American goods over the world as much money, dollar for dollar, as we take in at our custom-houses under

our tariff. I say, take these five countries with ships there. You will uniformly find, New Yorkers will tell you and exporters and importers, that the British ship is the first loaded and at the best rates. The German ship, on account of the ability of their local consuls, will go next. Then it will be a struggle with the Norwegian as to cheapness, whether she does not go third, and the American ship will go last, or will lay by for months in the harbor without cargo, simply because we have not the governmental machinery and the men to subserve the interests of our shipping. That is the plain truth of it.

I am not discussing or criticising the intelligence of our consuls, and I am not talking about the paucity of the consulships. I am talking of practical facts that are known all over the world to the commercial men of the world.

The CHAIRMAN. Let me ask you a question there. Is the zeal of the British consul, whom you say is most efficient, stimulated in any way by any relations that exist between him and that shipowner?

Mr. FARQUHAR. Well, it is self-interest; I will grant that.

The CHAIRMAN. How does it differ from the interest that the American consul would have?

Mr. FARQUHAR. I will give you just one point on that. The British consul is under a civil service that keeps him in his place during good behavior to attend to his business, and the American consul is not. The permanency of the British consulship gives a guaranty to that man of fair compensation. And more than that, gentlemen, the best chance of promotion that there is in any service in the world is in the British consulships; they are well paid, well taken care of.

The CHAIRMAN. Promotion to what?

Mr. FARQUHAR. Higher and better service.

Mr. COOMBS. In the consular service?

Mr. FARQUHAR. In the consular service and ultimately into diplomacy if they show the ability.

Mr. COOMBS. You are speaking of England?

Mr. FARQUHAR. Yes.

Mr. COOMBS. The diplomatic service and the consular service are on entirely different lines and independent of each other.

Mr. FARQUHAR. I know that.

Mr. COOMBS. There is no such thing as promotion from one to the other.

Mr. FARQUHAR. I can not grant that. The British consul has under his warrant more authority than any American consul, and they are advanced. Quite a number of them have been advanced.

Mr. COOMBS. Do you say they have more judicial authority than our consuls?

Mr. FARQUHAR. They subserve their citizens in foreign countries more than ours.

Mr. COOMBS. What judicial service does the British consul perform that an American consul does not perform?

Mr. FARQUHAR. In many cases where there has been an infraction of law in respect to a ship's crew or in respect to a subject of Great Britain, in some countries that British consul is allowed to sit as court.

Mr. COOMBS. And so are Americans.

Mr. FARQUHAR. How many?

Mr. COOMBS. I think in all of the countries where there is a treaty with England allowing an extraterritorial court that the Americans have the same courts.

Mr. FARQUHAR. I grant that; that they have come under the wing of Great Britain in that matter.

Mr. COOMBS. In some of these instances America made the first treaties. In the East, for instance.

Mr. FARQUHAR. Do you mean the commercial treaties of 1828 and 1832?

Mr. COOMBS. The commercial treaties; yes, principally. The first treaty with Japan, with Korea, and Siam.

Mr. FARQUHAR. That is right.

Mr. COOMBS. The idea of extraterritorial courts there was not essentially a British idea, as I understand it. I think the distinction is wrong.

Mr. FARQUHAR. I take it that if you ask the seamen who have traveled the whole world, and they have given testimony, I think, before committees here—I do not know, but particularly before the Labor Committee—you will find from that testimony that the British consular service gives its consuls more powers under British treaties and conventions than they can have under American.

Of course when I speak of Americans being at a disadvantage in commercial features I do not desire to criticise the American consular service. I know that Germans who are high in authority in Germany have conceded that the American consuls are possibly the most active consuls there are in the world, but great difficulty, of course, attaches to the fact of tenure in office and changes. It is not stable enough. And I have heard even discussed on the floor of the House here the inadequacy of the compensation.

But this committee should take into view another thing, speaking of this consular service, that is not in this bill yet, and it may be rather extraneous to discuss anything at all about it, simply as an auxiliary to the bill proper; it is not carrying out commerce—

The CHAIRMAN. I want to make one suggestion in reference to the long continuance in office of the British consuls and the advantage you think comes from it. I remember my daughter telling me that she met a United States consul, I think it was at Gibraltar—I will not be sure, but it was some place in Spain, at any rate. He had been our consul there for thirty years. His father preceded him in office for a little longer period. The consul that my daughter met did not know the name of the President of the United States.

Mr. FARQUHAR. There would be nothing strange about that, because in many cases the American consulships are in the hands of the subjects of the country that they go to.

They are not all American citizens that perform the duties of American consuls, but possibly under the rather economical system with which we have handled our consulships and the inadequacy of the amount of money, and the places they are assigned to, have been against us. I am not saying but what probably the consular service is keeping parallel to the American trade, and I would like very well to have seen in this bill the consular service taken out of the State Department and placed in the Department of Commerce.

The CHAIRMAN. That omission does away with your whole argument, because that would put our consular service far in advance of any other.

Mr. FARQUHAR. One feature; yes. I am arguing the utility of making business, Mr. Chairman, entirely. I am taking the business view of the thing. I have no sentiment in this at all, but I think it would have been quite an advantage to have taken the consular service

entirely out, and I question very much how much you are going to get out of the consular service as an adjunct to the Department of Commerce.

The CHAIRMAN. Give us the practical working of that. Suppose that Consular Bureau was transferred from the State Department to this contemplated department, how would it be worked?

Mr. FARQUHAR. How would it be worked?

The CHAIRMAN. Yes.

Mr. FARQUHAR. I see the question was asked the other day whether it was possible to appoint a consul without the action of the State Department. I think a consul can be appointed by the Department of Commerce, as far as that goes, provided that that whole consular service is taken into this Department, because the nomination is made by a Secretary of an executive department and any nomination has got to go to the Senate for confirmation.

The CHAIRMAN. There would be no question at all about the appointment?

Mr. FARQUHAR. None whatever.

The CHAIRMAN. But about the division of duties; about the probable conflict; the Secretary of State necessarily would have to have relations with it; the Secretary of Commerce would also.

Mr. FARQUHAR. Yes.

The CHAIRMAN. Now, suppose that there were conflicting instructions or that they were required by these two officials to do at the same time separate and distinct duties. How can you harmonize that as a practical matter? Is it not the case of the man serving two masters?

Mr. FARQUHAR. I am glad that you asked me that question. It is not alone in the consular service where you find this lack of harmony. You transfer the Bureau of Statistics from the Treasury Department, which is immediately under and a part of the collections service of this country, and your statistics are at secondhand. If you permit the word, the loyalty in a collector of customs of the Treasury Department is a thing that you can see at once must hold in every single thing that he does as an administrative officer.

In other words, the collectors of customs will have to receive and accept orders for statistics from the Department of Commerce instead of from the Secretary of the Treasury, and these statistics are at secondhand.

Now, the question whether the statistics at secondhand in that way would be prompt and would be serviceable to a Department of Commerce is one that you should consider. The same word, loyalty, applied to consuls of the State Department, would hold good, unless they were entirely divorced as a commercial body and placed in this Department of Commerce.

While I make these remarks, understand I am well aware of this fact, that the change will not be made now and probably not next year, probably not for five years. But if I can judge the trend of legislation, after this Department of Commerce has got into being, this section 5, which establishes a bureau of manufactures, must draw immensely from the consular reports and the consular service. You will find that unless that consular service is made a handmaid of this Department of Commerce it will be crippled in its efficiency—

The CHAIRMAN. Would not this idea of yours of duplicating those agents abroad take away from the commercial agent a great deal of influence and power that he now has as the diplomatic agent of the

Government? Could the mere commercial agent be as efficient as a consul with his authority that comes through the State Department? Often he represents his Government at that place, and I can imagine cases—in fact I know of some—where for considerable periods he has been the immediate representative of this Government armed with all of the authority of a diplomat.

Mr. FARQUHAR. In the South American case——

The CHAIRMAN. When you make him merely a commercial agent do you not reduce him in all instances to the status of the mere commercial agent of to-day, who never has any diplomatic power and could he be as efficient in that service?

Mr. FARQUHAR. I see some force, Mr. Chairman, in your argument, and I wish to say now that while I am speaking of this consular service I have merely touched the consular service as helpful in exploiting American commerce. The diplomatic end of the consular service, to my mind, is infinitesimal, but that would be a mere matter largely of the jealousies that exist here in the Departments in the way of as to what control they ought to have and what jurisdiction they ought to have.

The CHAIRMAN. You would think that there must be a diplomatic representative armed with some judicial power?

Mr. FARQUHAR. Undoubtedly.

The CHAIRMAN. At every commercial port?

Mr. FARQUHAR. Yes.

The CHAIRMAN. Where American ships or American visitors come?

Mr. FARQUHAR. Yes; I would cut all legislative strings at once in clothing that consul or agent with full powers and make him report to the Department of Commerce, where he belongs. The State Department is not a commercial department at all; it is a department that gives you, if you wish to exploit your business in foreign countries, a complimentary letter to the minister there and possibly some other parties in interest. I hardly wish to say that much, but I feel bound to say it.

Now, I would like to say one word more. When Dr. Willcox was here the matter came up of these statistics at second hand. This consular service is one of them. Seemingly an inconsistency occurs in this bill. The bill says, under section 5, which creates the bureau of manufacturers:

And all consular officers of the United States, including consuls-general, consuls, and commercial agents, are hereby required, and it is made a part of their duty, under the direction of the Secretary of State, to gather and compile from time to time useful and material information and statistics in respect to the commerce, industries, and markets of the countries and places to which such consular officers are accredited, and to send, under the direction of the Secretary of State, reports quarterly, or oftener if required, of the information and statistics thus gathered and compiled, such reports to be transmitted through the State Department to the Secretary of the Department of Commerce and Labor.

Then you have another clause. It is section 10:

A person, designated by the Secretary of State, shall be appointed to formulate, under his direction, for the instruction of consular officers the requests of the Secretary of Commerce and Labor, and to prepare from the dispatches of consular officers for transmission to the Secretary of Commerce and Labor such information as pertains to the work of the Department of Commerce and Labor, and such person shall have the rank and salary of a chief of bureau and be furnished with such clerical assistance as may be deemed necessary by the Secretary of State.

That is all matter second hand. Here primarily you are making a commercial department, and as an auxiliary you still maintain an

allegiance to the other department. It seems to me somewhat incongruous.

Many persons appearing before the Industrial Commission have held up the British Board of Trade as an example for all commercial enterprise, for intelligent review of commercial conditions at home and abroad. Now, let me for one minute call the attention of the committee—because I think probably it is worthy of being preserved—what the British Board of Trade is and what it affects.

First of all its title is really the committee of privy council for trade. Its president is the Right Hon. G. W. Balfour. Its membership consists of the president of the board, the lord chancellor, first lord of the treasury, the principal secretaries of state (that is, of Colonies and home and war and foreign), the chancellor of the exchequer, the speaker of the House of Commons, the paymaster of the forces, the treasurer of the navy, and the master of the mint.

I just wish to call the attention of the committee to the breadth on which the British Board of Trade is built. Mind you, this British Board of Trade has really been by addition and amendment and by experience made what it is since 1786, when the first form was drawn of the board. Of course it deals principally with just two things, and that is commerce and statistics.

It has four principal departments. One is the general trade question, which is the one that we are partly discussing to-day in respect to consulships, and so forth. Second, to railways and rates. Third, the harbors and shipping and fisheries and life-saving and immigration. Then, fourth, financial and commercial statistics. In a subdivision they have the commercial, labor, and statistical department. That is the one under Sir A. E. Bateman. They have a labor commissioner, who is Llewellyn Smith, well known as a writer; and the chief labor correspondent is John Burnett, who was secretary of the last great royal commission that formed the remedial legislation of Great Britain in respect to trade and labor disputes.

You will see that this board, Mr. Chairman, touches at all points every interest of that Kingdom—its capital, its commerce, its internal affairs, its navigation, and its labor. While it would be possibly an impossibility in this country to assemble such a board, yet by indirection this very bill has taken in quite a number of features that belong to the modern British board of trade.

In this bill you have taken up nearly the whole navigation interests; and after being placed together, our inspection, our navigation and marine service, and all brought into harmony, much can be done in simplifying and enlarging so as to secure economies in different services. There is no question of that. But it brings the whole question of navigation and the marine interests of the country all into one bureau for once, which is a long step in advance.

It is not possible, I presume, at present, and I think to a great many outsiders like myself it is somewhat improbable that it would be possible to place in a department of this kind the interstate commerce of the country. In the views of the Industrial Commission on this matter, were it possible to give to interstate commerce a little more power—I do not mean particularly judicial, but a little more administrative power—possibly the Interstate Commerce Commission can better protect the interests of the railroads and the public and transportation as a separate department—as it is.

Mr. MANN. You mean the Commission?

Mr. FARQUHAR. The Commission could. In other words, if their

hands were strengthened, if they found an Attorney-General of activity to take up questions that came before them—plain questions of complaint and appeals from the commercial men of this country—as have been taken up by Mr. Knox, the present one, many of the methods that attach to the difficulties of carrying out the interstate-commerce law would pass away, as we have seen in the region of Chicago pools of late. I think, possibly, that while transportation bears such a close relationship to commerce—in fact, it is the twin of it—yet in this bill as we have it now, if we are able to take up the whole navigation and marine interests and allow the other departments of the Government, so far as transportation goes, to make their own regulation for the time, I think that possibly this Congress will have subverted the commercial interests and probably gone as far as it is safe until we have more light on the needs of regulation and control.

Mr. MANN. Speaking of the Interstate Commerce Commission, both the statistics relating to internal transportation and commerce far exceed, so far as value or amount is concerned, the statistics of foreign commerce.

Mr. FARQUHAR. Undoubtedly.

Mr. MANN. Ought not that to be corrected in some way, so far as possible?

Mr. FARQUHAR. At present the interstate commerce depends entirely on the schedules that they send out. There is no investigation at all, as I have learned, as to either the truth or the falsity of them, but they have served a good purpose.

Mr. MANN. Undoubtedly. Complaint is made, however, about the Interstate Commerce Commission, that the statistics that it does publish are published about a year and a half after they are collected and the value of them is almost nil.

Mr. FARQUHAR. That is positively so, and I want to supplement that, Mr. Mann, by another explanation, that when you get your consular reports out of the State Department into the Department of Commerce they will be a good many months late, too. The British board of trade are not satisfied with simply issuing their journal, which is one of the most comprehensive journals in the world, because it contains the commerce of every nation on the face of the earth, comparatively, but they issue a daily bulletin even, when changes are made, so as to meet the interests in any country of British shippers and manufacturers.

The CHAIRMAN. The time for adjournment has arrived. You can continue to-morrow at half past 10, and the committee will be in recess until that hour.

(Adjourned.)

FRIDAY, *April 4, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

STATEMENT OF HON. JOHN M. FARQUHAR.

Mr. FARQUHAR. Mr. Chairman and gentlemen, as the Industrial Commission during its investigations, extending over three and one-half years, had much to do with discovering public opinion in respect

of this Department of Commerce, I think it might be well to place, with your permission, on permanent record the opinion of the Commission on this matter. Personally, I desire it as a means of fortifying the position I have taken before the Commission, and at the same time give to all witnesses and others a knowledge of the care that our Commission has taken with testimony leading to the creation of this Department, and with your permission I will read to you the findings of the Commission proper on this question. They are not long.

The Commission in their final report, volume 19 of the series, under the head of "Manufactures and Department of Commerce," says:

In each of the European countries which have made special efforts to develop foreign trade it has been found advisable, as a practical method of operation, to bring under common management the different branches of Government having to do with commerce and industry. The board of trade in England, the ministry of commerce, industry, posts and telegraphs in France, the ministry of commerce and national industries in Austria-Hungary, the ministry of commerce and industry in Russia, are departments which include under their management divisions of work which, in this country, are scattered among several departments. In France the minister of commerce has supervision of commerce, arts and manufactures, stock companies, insurance, commercial schools, industrial expositions, pension and savings banks, work of children in factories, weights and measures, industrial property, tariffs, and laws regarding customs duties and treaties of commerce, warehouses and docks, marine fisheries, merchant marine, foreign commerce, commercial information, technical education, and trade and labor organizations.

Mr. RICHARDSON. Does that include banks?

Mr. FARQUHAR. The financial?

Mr. RICHARDSON. Yes.

Mr. FARQUHAR. This is France. The stock companies and insurance—

Mr. RICHARDSON. No; but banks?

Mr. FARQUHAR. Finance is a separate body.

I would state in passing that the ministry of commerce of France is probably—in fact, to the knowledge of many of us who have had during the last two or three years to use European statistics—the most perfect bureau or department that there is to be found in Europe. And I should also say that it is more free to communicate to the United States and other friendly powers many of the statistics that it has collected and can not very well use immediately in its own trade and commerce. You will notice how widely, in fact covering every activity almost of trade and commerce and manufacture and labor and transportation and marine, this department deals. Of course, Mr. Chairman, there is not the possibility of assembling in this country any department equal to this.

The CHAIRMAN. Why not?

Mr. FARQUHAR. Well, first of all, I think that the American people would say it was too cumbersome. The same remark would hold good possibly that has been held against this bill and has in my mind minimized the elements that ought to have gone into this bill at first. There seems to be simply a desire to make this bill a nucleus without the amplifying cognate departments that possibly ought to belong to it. In other words, I think the bill has been worked upon a line of safety that it may pass, and may start a Department of Commerce, and to be amended in the future as experiment might find good.

The CHAIRMAN. There are too many individual interests and opinions centered in it, you mean?

Mr. FARQUHAR. I would not like to say that. That is a matter of criticism. I hold in too high opinion many of those who are directly

interested in this bill, so that I would not like to give an opinion as close as the chairman makes.

The CHAIRMAN. It is only your politeness that prevents you from doing it.

Mr. FARQUHAR. Well—

Mr. ADAMSON. Do you not think those interests are scattered instead of being centered?

Mr. FARQUHAR. I would be very well satisfied, Mr. Chairman, and I think I express the views of all who advocate this bill and the previous bills that have been before Congress, if you were able to bring into it just two great features, and that is the great commercial interests of the country, both in inland and foreign trade, and statistical work. It would be a long step forward in harmonizing methods and at the same time giving us primarily correct statistical information, which we have not to-day.

The CHAIRMAN. How could you have a bureau or department in most efficient condition relating to commerce that did not include transportation?

Mr. FARQUHAR. That question came up yesterday, and it is quite a bothersome one. I believe that transportation itself, as far as commerce is concerned, is its lifeblood; it is the lungs of all commercial activity; but at great expense and through the experience of years we have created a department in this Government as possibly well constituted in its personnel in respect to ability and care and faithfulness as we could get, and while they have had great matters to contend against—I mean the Interstate Commerce Commission—yet I think it is quite evident to the people that they have done considerable good.

Now, were it possible to bring the Interstate Commerce Commission into this department without lessening the utility of the Interstate Commerce Commission—without infringing much on its independent action, as given in the present statute creating it—I think it would be an immense advantage, just as I think if you were able to bring into this bill the bureau of publicity in respect to trusts and industrial combinations, as proposed by the Industrial Commission. You could settle the trust question in two or three years.

Mr. RICHARDSON. Then, would not that being in your legal department? The law is made to regulate these trusts; there is a statute against them now.

Mr. FARQUHAR. Yes; but the Attorney-General is an advisory officer of the executive department, primarily. He is not a public prosecutor. It is left to his judgment, when submitted to the President of the United States, what action shall be taken. And as I take it—the chairman knows much better, because the chairman is a good lawyer and has had experience as the chief legal advisory officer of the United States Treasury, and he thoroughly understands all the outs and ins of it—but I want to say that when you speak of the prosecutions that the Department of Justice ought to make you ought to take into consideration first of all who the Attorney-General is; that he is simply what you may call a chief clerk of the President of the United States.

Mr. RICHARDSON. He occupies a position relative to the United States Government that the attorney-general of a State does to the State government, or the county solicitor does to the county. They are all prosecutors. The United States Attorney-General frequently appears in the United States court to prosecute a matter in the name

of the United States or to defend a matter in the name of the United States. He is in fact a prosecuting attorney.

Mr. FARQUHAR. I would like to state, while it is not germane, exactly, to what we have before us now, that the Industrial Commission themselves took up that question, and in their proposed amendment to the interstate-commerce bill, which was discussed thoroughly, to extend the functions of all the district attorneys of the United States, so instead of waiting for the Attorney-General to initiate proceedings in case of flagrant violations of interstate-commerce law, the various prosecuting attorneys of the United States could take them up in any State of the Union and make prosecution at once.

Mr. RICHARDSON. A good amendment.

Mr. FARQUHAR. A good amendment and certainly a very practical one.

The CHAIRMAN. Would you propose to take away that power of institution of criminal actions that we now have from grand juries—to my mind the most perfect system that is conceivable?

Mr. FARQUHAR. Oh, no; the only idea was this, that complaint had been made—

The CHAIRMAN. Do you think there could be any better system than to have assembled in all the communities four or five times a year a body of intelligent men charged under oath with the duty of examining and presenting all offenses that they have or can have knowledge of? Now, what system can be more perfect than that?

Mr. FARQUHAR. None whatever.

The CHAIRMAN. It seems to me none, and I think it would be a very dangerous procedure to select one man out of a city or out of a judicial district and invest him with power alone to institute prosecutions in an official way, representing the power of this great Government.

Mr. FARQUHAR. Mr. Chairman, your proposition goes further than the Commission propose. The Commission took this view: That nearly every complaint made was that whatever appeal has been made to the Attorney-General under the Sherman or other acts it seemed as if it rested on the volition of the Attorney-General, was left to his decision, to proceed or not to proceed. The Industrial Commission, after consultation of legal authorities and others, thought that instead of placing the responsibility of initiation of legal proceedings in the Attorney-General alone, it was much better to place it in the hands of a district attorney of the United States court, to sue in any court when an infraction of the law came up.

Mr. RICHARDSON. At his own option and discretion?

Mr. FARQUHAR. On proper complaint; why not?

The CHAIRMAN. What do you do with the spirit of that provision of the Constitution that exempts a man from prosecution save on indictment presented and preferred by a grand jury?

Mr. FARQUHAR. Well, Mr. Chairman, that is a concrete question that I should answer. I say it is not proper to set aside that principle. Yet at the same time I am talking about the statute law; I am talking about the Sherman Act; I am talking about public infractions of the act.

The CHAIRMAN. Just taking that—and there is much complaint because the district attorney or the Attorney-General or somebody has not seen to prosecutions under that act. Do you not understand that that act comes under the vision of the grand juries and that they, and every grand jury in the United States, of Federal courts, has all

the power to present men for infringement of that law and of the interstate-commerce law? The trouble is not with the power of Constitution, in my judgment; it is because men do not know; they have not the facts. They talk about the infringements; there is constant talk about crime; and yet you or I or any other man that knows a fact that constitutes the evidence of a crime can go privately and quietly if he chooses before a grand jury and compel action on their part.

Mr. RICHARDSON. And the grand jury can take the responsibility of making either one of us mark our name as prosecutor.

The CHAIRMAN. Yes. District attorneys and ultimately the Attorney-General can not avoid their duty when the grand jury acts.

Mr. ADAMSON. The purpose of preliminary steps is to hold the offender until the grand jury can act, and in these cases you speak of it as not necessary to hold them.

Mr. FARQUHAR. Mr. Chairman, permit me now to resume reading the Industrial Commission report:

In Belgium the ministry of industry, mines, and labor has charge of factory and mine inspection and of the enforcement of labor legislation and the supervision of industrial and technical education. In three countries—France, Belgium, and Austria-Hungary—the ministries of commerce and industry are assisted, especially as regard labor matters, by large advisory councils, known as the council of superior council of labor, chosen with a view to securing proper representation of employers and employees and of the general public as well.

These advisory councils are important aids in keeping the department accurately and promptly informed of the needs of labor and capital and enabling it to inaugurate and perfect its plans for usefulness. In the United States the widespread desire for a Department of Commerce and Industry is evidenced by the testimony of many witnesses before the Industrial Commission as well as by the introduction of bills for that purpose in the Fifty-sixth and Fifty-seventh Congresses. In organizing such a department it is contemplated that the work of the Federal Government, now scattered in the several departments, which bears upon the industries and labor interests of the country shall be brought under a single head, that this department may be able, in the first place, to prepare continuous reports of the progress of manufactures and industries and that it may be able to bring from foreign countries, through the consular officers and commercial agents, information valuable to the exporting interests of the country, samples of products with which competition must be made, and technical information regarding the methods of manufacture and the classes of goods desired.

Such a department would also be in close connection with commercial bodies throughout the country, through which the information would be distributed and made useful to manufacturers. It would cooperate with industrial museums, like those in Philadelphia and San Francisco, and would greatly stimulate the extension to other cities of this very practical institution for the information of manufacturers and inventors. It would cooperate also with trade and technical schools in their efforts to improve American workmanship. In these and other ways a Department of Commerce and Industry would be a necessary means, in view of the successful operations of similar departments in foreign countries, of meeting those countries in a practical way in the promotion of the foreign trade of the United States.

That, I take it, Mr. Chairman, is a conservative view, and it is a view in respect to the need, the positive need, of a department of this kind, taken from personal contact and converse with manufacturers and with managers of transportation throughout the United States.

Now, Mr. Chairman, I have no desire to take up much more time of the committee—

The CHAIRMAN. We have not looked upon it in that light exactly. We have rather judged you as one the Government has been spending a good deal of money on recently, and wisely, in enabling you to acquire information, and we would like to have you discuss this matter, and especially with reference as to how it is done in other countries.

Mr. FARQUHAR. Yes. I accept the compliment of the Chairman—

The CHAIRMAN. I was very much interested in what you said yesterday about the board of trade. I talked with two or three members of the committee afterwards with reference to the possibility of uniting the heads of departments in such a body as that, and if you have any information on that the committee would like to hear it.

Mr. RICHARDSON. I was very much interested in that; I would like very much to hear the facts in reference to that discussed.

Mr. FARQUHAR. With your permission I might revert for a moment or two to that feature. As I said yesterday, the creation of this board of trade of Great Britain goes back to 1786.

The CHAIRMAN. Before you go to that, there is another matter I would like to ask you about. During the investigations of your Commission, did you have any discussion with regard to whether or not insurance was commerce in the sense of our Constitution? And if you had such discussion I wish you would give the benefit of it or of your opinions to the committee.

Mr. FARQUHAR. I am not sure, Mr. Chairman, that at any time the precise question you ask came up, whether insurance was commerce or not. Insurance, life insurance, and fraternal, industrial, and also building associations, all these were discussed very fully by the Commission, and quite a long line of investigation was made in that respect. I would simply say that while you might say insurance is commerce—

The CHAIRMAN. Was there any discussion before your Commission that induced the formation of opinion on your part as to whether or not these subjects that you have named could be the subjects of legislation by the Federal Congress?

Mr. FARQUHAR. I think I might express the opinion—Mr. Litchman of our Commission is here and he probably recollects the same thing—I might express my own opinion as covering the ground. I do not think the Commission at any time would have regarded these subjects germane for national legislation. In fact, Mr. Chairman, you very well know, as many of us do who have served years in the House, that national legislation is very much circumscribed so far as remedial legislation for the people is concerned. There is maintained in this country the great power of State sovereignty, which, I think, for the benefit of the country and for the encouragement of good and wholesome legislation, ought to be maintained, so as to conserve the diverse interests of the citizens in all sections.

I take it as a broad proposition that all legislation bears two forms, either experiential or experimental, and whatever legislation could be had in respect to insurance, in my mind, would have to come under the interstate-commerce clause of the Constitution, and all that could be done for insurance would be simply to place it into law and then let the Supreme Court pass upon it.

The CHAIRMAN. Could not it be done under the taxing power of the Government? Did your Commission discuss that?

Mr. FARQUHAR. Yes; we did. Our recommendation in the cure of the evil of trusts and combinations lies entirely in national administration, because until the United States, as they do in the oleomargarine act, are able to tax, and do tax, they have no power of regulation over anything.

Mr. RICHARDSON. You mean, then, taxing to the extent of prohibition?

Mr. FARQUHAR. Not at all. Taxing sufficiently so that the Gov-

ernment itself shall have a tangible hold of the regulation of insurance, or oleomargarine, or trusts; not taxing out of existence, not prohibitory at all. The power of regulation can only be acquired, whether over trusts or over insurance, by the National Government taxing the corporations for registration or license.

The CHAIRMAN. If the Government assumed the power of taxation, say, over insurance companies, would it then have the power to prohibit taxation on the part of the State?

Mr. FARQUHAR. On the part of the State?

The CHAIRMAN. Yes.

Mr. FARQUHAR. No interference whatever with the State. It does not interfere with a single charter.

The CHAIRMAN. Why not?

Mr. FARQUHAR. Take a relative case. Take this very oleomargarine matter that has been before Congress. The contention eleven or twelve years ago, when the first bill came up, was the same contention that it is to-day for regulation. And they did establish a two-cent tax. Now, no one pretends that that tax was for revenue; but Congress can and does, by indirection, tax so as to regulate. Suppose you make a law in respect to the insurance interests that all insurance companies doing any class of insurance, down to the smallest fraternal and mutual insurance companies, shall be registered in the Department of Commerce or the Treasury, and that annually they shall pay a tax of so much, an infinitesimal tax, a nominal tax, I may say; in a case of that kind you have the exact figures that have been claimed by the insurance people to—

Mr. RICHARDSON. Do you not think when the Government resorts to the power of taxation, not for the purpose of getting a revenue, that it is for the purpose of prohibition?

Mr. FARQUHAR. Not prohibition.

Mr. RICHARDSON. To destroy?

Mr. FARQUHAR. It goes for the purpose of restriction, a wholesome restriction as a remedy, that is where it goes.

Mr. RICHARDSON. My idea was that whenever the Government resorts to the power of taxation—it looks to me like that is the history of the country on the subject—whenever it resorts to the power of taxation without the expectation of creating a revenue, that it is doing it for the purpose of prohibiting the thing that it taxes.

Mr. FARQUHAR. Prohibiting?

Mr. RICHARDSON. Yes.

Mr. FARQUHAR. I am not so sure but what that is a pretty broad expression.

Mr. RICHARDSON. Repressing, then?

Mr. FARQUHAR. If you talk about the initiative of legislation of that kind, it does start in an attempted prohibition of it. The taxing of oleomargarine was started at 10 cents per pound, which was destructive entirely of the whole industry. It came down to 2 cents a pound, which was regulative or supervisory, and now legislation assumes another feature, independent of the 2-cent feature, it controls coloring so as to detect fraud and imitation. Such an act as that is remedial, and the only way that the bill can be passed through the House or Senate is through the taxing feature. Otherwise you have no jurisdiction over it. The States have jurisdiction, however, over their own manufactures.

Mr. RICHARDSON. That involves a very particular question as to

whether the Government ought to tax a thing that is unwholesome. It brings up the pure-food bill and all that.

Mr. ADAMSON. Then the taxing power would be used as a subterfuge to justify the Government in getting hold of the insurance business, you think?

Mr. FARQUHAR. I would not say subterfuge.

Mr. ADAMSON. What other word would you use; is that not your meaning?

Mr. FARQUHAR. An indirect means of reaching regulation I would say.

Mr. ADAMSON. Is not that about what subterfuge means?

Mr. RICHARDSON. The fact is when the Government resorts to this it is doing indirectly what it does not want to do directly; that is, it is resorting to taxation not for the purpose of revenue but to accomplish something else; it is a misrepresentation.

Mr. FARQUHAR. I do not think it is misrepresentation at all, because I care little about the initiative of legislation. If legislation applies a remedy, and that remedy is for the good of the whole people, I do not care how you start it.

Mr. ADAMSON. I understand you that the Government having no jurisdiction, the Government will levy a tax not for revenue, and then having levied that tax, it can go further and do something else to the companies?

Mr. FARQUHAR. Yes; and I think the Chairman will bear me out that that is about the way legislation has been framed in this country for the last forty or fifty years.

Mr. RICHARDSON. Self-interest?

Mr. FARQUHAR. And in connection with this I desire to call attention also to this matter of taxation as a remedial measure, and give you the unanimous opinion of the Industrial Commission, as well as the opinions of the best lawyers who were consulted by us, Mr. Charles C. Allen, of St. Louis, and Mr. F. J. Stimson, of Boston, also Prof. E. W. Huffent, of Cornell, and on the law they presented to us, as well as the testimony taken by us on the subject, our proposition in the regulation of trusts, and, in fact, in all remedial legislation of that kind, may be summed up in this extract from the Commission's report on Federal taxation and supervision:

(a) That an annual franchise tax be imposed upon all State corporations engaged in interstate commerce, calculated upon the gross earnings of each corporation from its interstate business; that the minimum rate of each tax be low, but that the rate be gradually increased with increases in earnings.

(b) That there be created in the Treasury Department a permanent bureau, the duties of which shall be to register all State corporations engaged in interstate or foreign commerce; to secure from such corporations all reports needed to enable the Government to levy a franchise tax with certainty and justice, and to collect the same; to make such inspection and examination of the business and accounts of such corporations as will guarantee the completeness and accuracy of the information needed to ascertain whether such corporations are observing the conditions prescribed in the act and to enforce penalties against delinquents; and to collate and publish information regarding such combinations and the industries in which they may be engaged, so as to furnish to the Congress proper information for possible future legislation.

The publicity secured by the governmental agency should be such as will prevent the deception of the public through secrecy in the organization and management of industrial combinations, or through false information. Such agency would also have at its command the best sources of information regarding special privileges or discriminations, of whatever nature, by which industrial combinations secure monopoly or become dangerous to the public welfare. It is probable that the provisions herein recommended will be sufficient to remove most of the

abuses which have arisen in connection with industrial combinations. The remedies suggested may be employed with little or no danger to industrial prosperity and with the certainty of securing information which would enable the Congress to protect the public by further legislation if necessary.

That if a Department of Commerce and Industry shall be established, one of its functions should be to call attention from time to time to such economic changes in the world's progress as may suggest tariff modifications, and also to such commercial opportunities as may suggest reciprocal legislation or arrangements, and, furthermore, to any evils incident to combinations which changes in the tariff will correct.

Mr. COOMBS. What is that you are reading from?

Mr. FARQUHAR. This is the findings of the Industrial Commission on industrial combinations, the tariff, and reciprocal lines.

Now, resuming for one moment the discussion of the remedy to be applied to the regulation of insurance, I know none better than this would be.

This is one way, to the minds of our Commission, that the Congress of the United States could get the power of regulation over any interstate corporations. By a franchise tax or registration, the same as they have in Great Britain.

Mr. ADAMSON. Is there any good that you think can be accomplished by Federal control of insurance beyond the publicity of facts and conditions?

Mr. FARQUHAR. None whatever, Mr. Adamson. I wish to say that my own experience—and it has cost me considerable money to learn—is that simply the publicity that can be gained through the Government in the registration of the insurance companies of the United States would cover all that possibly could be known.

The Census Bureau has presented in its report of a month or two ago—the tables are quite elaborate and must be approximately correct—a statement of the capitalization—I think I can give it to you here [referring to report]—the date of organization, the number of plants controlled, the capitalization—that is, in bonds and in stocks; and then the stock proper, preferred and common; then the dividend paid during the census year—the rate on preferred, and the rate on common, and the rate on total, and then on the preferred stock and on the common stock separately.

I may say, in a general way—that is, without a law which would compel publication—the census has reached as far as we could possibly go.

But men ask and have asked the Industrial Commission to recommend that there should be thrown around the investment in stock in Wall street and other places legislation to keep the fool or the lamb from being shorn. It can not be done. The best way is to keep out of Wall street, or, as Mr. Hamlin says about betting on horses, "Don't bet unless you can afford to lose." Never buy stocks until you can afford to stand a loss. Never buy wheat or grain or go into any other speculative line unless you are prepared to meet a loss. In the distribution of farm products it is a gamble from the time the grain or whatever it is goes on the farmer's wagon until it reaches Liverpool or the final consumer. And it is utterly impossible for legislation to enlighten the public on matters of that kind until the public themselves become almost as well educated as the speculators themselves. The Industrial Commission, after studying all these features, thought that the easiest way, the plainest way, was to reach publicity on all these industrial trusts and combinations by establishing a franchise tax on all corporations engaged in interstate commerce.

I may also state that in the investigations by that Commission, remarkable as it may seem, the greatest corporations, like the United States Steel Corporation, like the Standard Oil Company, like the American Sugar Refining Company, were the companies that threw open their books to the Commission and showed every single dollar and every single cent of profit they had made out of their business, and the smaller ones would not.

And I would like to say in this relation that half of your statistics to-day—printed volumes of them—are impersonal and unlocated. I can show you volumes where in making investigations they have simply stated, "Here is No. 187," here are the wages they pay, here are the materials they send out, and everything of that kind in this 187. No one but the clerk who is in charge of the files in the Census Office or the Department of Labor knows where 187 is, whether it is in the State of Maine or in the State of Oregon, and unless you can explain the conditions surrounding No. 187 these figures are worth nothing to anybody, especially to the scientific economist.

That is one of the remedies that has to be applied in the proposed Bureau of Statistics. You must coordinate your figures. First of all in the methodology of statistics, you have got to establish a perfectly clear classification, and that never has been done in the United States. Take iron ore, or take the products of iron, and you never can find out, unless you trace by a personal inspection from the mines clear to the furnace, the exact amount that enters into the different processes and what enters into the final cost of the article.

One of the best features of this Bureau of Statistics is the fact that it brings the great statistical bureaus into one, so that the heads of these departments or bureaus shall consult together and reach a perfect classification.

I grant that there is a disturbing element in a new classification, because in the comparison of figures, as we found in the old census, by putting in new schedules and by changing parts of an old schedule your line of comparison fails; but with the Bureau of Statistics properly established, and there is experience, ability, and everything to build it up if it is once thoroughly established, the classification made perfect, and the methodology of procedure made immovable by the best rules known, this country would reap a great deal from its statistics.

Professor Willcox called attention here the other day to the discrepancy simply on farm products, and you can call up a great many more of that character. I would like to call your attention to, I think, a possible amendment needed in the bill in this matter of statistics.

It says here that the Bureau of Foreign Commerce, now in the Department of State—

be, and the same is hereby, transferred to the Department of Commerce and Labor and consolidated and made a part of the Bureau of Statistics, hereinbefore transferred from the Department of the Treasury to the Department of Commerce, and the two shall constitute—

The "two!" and a mandatory verb—

And the two shall be constituted one bureau, to be called the Bureau of Statistics.

The bill has omitted entirely the division of statistics in the Census Office. It is on page 3, the last three lines, "the two shall constitute." It leaves out the division of statistics in the Census Office in the constitution of your Bureau of Statistics. The bill also omits to provide a legal adviser for the Department.

Considering that the members of the Senate, according to Mr. Cummings's late statistics, are two-thirds lawyers, it is somewhat remarkable that such a bill could come out of the Senate with such an omission. The chairman of the committee knows the positive need of such an officer in the Treasury Department, and why not in this Department, where we will have many conflicting interests. It is a remarkable lapse.

Mr. RICHARDSON. They are patriotic in not looking after their own interest—looking after the interest of the country.

Mr. FARQUHAR. Also, the bill provides for only one Assistant Secretary. Of course, this is simply the start of the Department, and it might be possible to accept this provision for a Secretary and an Assistant Secretary. Yet it ought to be taken in view that to assemble and to bring into harmonious connection all these bureaus taken from the other departments would take a Secretary of immense physique and one who was able to work possibly twenty hours in the twenty-four, and have an Assistant Secretary equal to the same kind of work.

The bill itself naturally divides into two divisions, and to my mind I think two assistant secretaries should be provided for, because independent of the whole navigation and marine interests, which are included here in the Life-Saving Service, the Light-House Board, the Marine-Hospital Service, the Steamboat-Inspection Service, the Bureau of Navigation, and the United States shipping commissioners, and possibly fish and fisheries, you have the Census Office, which is an immense concern independent of the marine bureaus and the navigation bureaus, which one assistant secretary alone ought to supervise. In addition to the Census Office, you have the bureau of manufactures, created by this bill, and the Bureau of Immigration, and the Bureau of Statistics, sufficient for another assistant secretary, to my mind, to superintend.

Mr. RICHARDSON. It depends greatly on able, earnest, active men to make it a success.

Mr. FARQUHAR. Mr. Chairman, you called my attention when we passed on to another question here, that of regulation through taxation, to the matter of consultation that ought to be in the "President's family," or Cabinet, whereby the heads of eight departments ought to enter more closely in consultation on questions that affect the commercial well-being of the country. The British Board of Trade, as I said yesterday, giving its personnel, shows to this committee, and will to everybody who knows anything at all about creating commerce, that that country has reached almost the acme of promotion of its business. It is questionable whether it can go much further.

In discussing the matter of the consulships in consular service, there was one omission made the other day that I would like to call attention to. Our supervision over consulships, I think, rests at a desk in the State Department. The British supervision over its consulships consists in utilizing its ablest statisticians and political economists, who visit every port and every country of the world. When a trade change occurs in Argentina or elsewhere, and Great Britain sees an opportunity there of a market, it is not left alone with the local consular functionary to carry it out, but there is dispatched immediately from the board of trade a competent officer who, being acquainted with the whole inside features, as it were, can readily compare adjoining markets and weigh the commerce of other nations, take in the tonnage that is able to reach the market, take in the char-

acter of the goods wanted. That agent, whatever his title, possibly inspector of consulships, in every month of the year traverses the world.

In securing like supervision we have failed greatly, our consular service being apparently an adjunct of what is called the diplomatic service. We have never had a reviewing authority to centralize commercial information. In other words, your consular reports are sporadic, without collation or means of comparison.

Now, this Department of Commerce, in attaching a bureau of manufactures, with its weekly or monthly journal, can gather needed information from the whole of our consular service on all commercial matters which properly concern this Department of Commerce, so that every thirty days at most an American merchant, an American transporter, an American manufacturer, an American statesman, can know the exact state of trade all over the world. That is what Great Britain gets to-day, and what we do not get.

Much of the information of the English Board of Trade is secret. None but this privy council knows every throb of the commercial pulse all over the whole world, and is thus ready and equipped at any time to take up opportunities.

While this Department of Commerce might not carry out half what is done by the British Board of Trade to-day, yet I, in common with a great many others who are in favor of this Department of Commerce, look at it that this is the stepping-stone to reach perfection in time, provided that adequate appropriations are made to carry out the plans.

Yesterday I mentioned incidentally, while discussing this very question, that my great desire in this thing is not to make new bureaus and give offices to anybody. I care nothing for that, and neither do our business men. You can hardly get a business man to go into politics anywhere except for a few days just before election, when he finds his interests in jeopardy. Then, of course, he will do something. What I have looked forward to is about this:

By the encouraging of foreign commerce and the establishment of the Bureau of Statistics and the publication of wide information the American mechanic and merchant can work twelve months in a year. I care nothing about whether our manufacturers sell for prices below or above those of the foreign market so long as the American mechanic has been paid good wages at home and the producer of material has reaped an adequate compensation. This bill, and all bills of this character, aims to open markets just as far as it is possible through national legislation, and also foster the means of gaining intelligence of markets where the American merchants may successfully go. That is what the bill is for primarily; that is what is needed.

As I also stated yesterday, heretofore the individual and the firm and the corporation have had to do all this plowing and sowing for the American people and for the American market out of their own pocket, for there has not been the immediate help that should have been given to them; so it lies with this committee and with this Congress to rectify in a great measure this matter.

With the best machinery, with working agreements which few of the great trade unions of the country hold to-day with the manufacturers, with these agreements extended up to nearly the whole year, America, even with her high wages and the premium that is based on the raw material that enters into manufactures in this country, can and will compete against any nation on the face of the earth and come

out a winner. And in time and indirectly the lessening of the price in foreign markets or competition will lessen the home price. But what is wanted is to have the American workingman employed all the year around, if it is possible. Don't keep us in a circumscribed market that only covers and belongs to home consumption, but make it wide enough. That is the very position that is taken by the trade unions and the organized men to-day about this very Department of Commerce. They feel as if they did not care particularly to get the Labor Department in here at all, because they are afraid that their particular interest is going to be swallowed up in the great volume of commerce, trade, and business that is to result from this in itself.

I wish to say, Mr. Chairman, before closing, that whatever remarks I have made—and I know they are not made in a spirit of criticism, because I think it needs only intelligent inquiry to reach correct conclusions—while I have spoken of the three great divisions in the Bureau of Statistics, I want to say of Dr. Willcox, of the Census Office, and of Mr. Austin, the present statistician of the Treasury Department, and Mr. Emory, of the Bureau of Statistics of the State Department, that they, considering the appropriations that have been given them to carry out their work, have done good work and done as complete work as possible; that they are able men, faithful men, men zealous in their place; but they can be brought into this Bureau of Statistics in perfect harmony, because the Bureau statistician, the man who is able to delve, to be both analytical and synthetic in all his findings of fact, that man has no jealousy; he is a man that finds the truth where it can be found, and I am satisfied that all of these will join in making it a success.

And the two main features that are in it, the advance of manufactures and the assembling of your navigation bureaus and the other features of transportation, superstructed by this Bureau of Statistics, to my mind it is the grandest commercial step that has been taken in this country for thirty years. I believe it will redound to the credit of this Congress. I do not believe there is a business man in the United States, not a manufacturer, not a skilled mechanic, not a foreman, not a man engaged in transportation but what thinks that this bill will bring the dawn of a better time and a better understanding among all commercial classes.

Mr. RICHARDSON. I am greatly interested about your ideas—the suggestion you have made about the plan and policy of that board of trade. I would like very much for you to give me a little further information, because it is advantageous to be informed on it. If I catch it, your idea about this Department of Commerce is to have a secretary, of course, with a seat in the Cabinet?

Mr. FARQUHAR. Yes.

Mr. RICHARDSON. And then have his allies or officers in that Department to be conducted upon the principal of that board of trade; that is, that one man would be sent, for instance, in the labor interest, to all of the different parts of the country and he would have simply to confer—

Mr. FARQUHAR. Yes.

Mr. RICHARDSON. And so it would be in the consular department, and so it would be in another interest—commercial—and he would come back and bring his report back to the Commerce Department and there it would all be collated.

Mr. FARQUHAR. Published; yes. The truth of the whole thing has been this: That somehow; I do not know where the blame lies,

we get plenty of good information, we have lots of it, and yet after all it never reaches the parties interested or the parties that want the information. Every Congressman knows what peculiar letters he receives from his constituents asking the most extraordinary questions. Why? Because they are not informed as to what channel the information could come from.

Mr. RICHARDSON. But when you bring it back to the Department of Commerce then you do distribute it to the country?

Mr. FARQUHAR. That is it. Here is a volume, No. 6, modest in size, issued by the Industrial Commission. It contains practical statistics. It traces the pound of butter from Kansas, say, into Liverpool, or into Chicago or New York.

It takes a bushel of wheat, it takes a pound of cotton, it takes all these staples of the farm and the beef and perishable fruits and everything else, and with its charts, its tables, rules of boards of trade, and everything else, there is given from the farm where it is produced, and until it reaches the consumer, the exact costs of transportation, of middlemen, and everything else between. So the producer knows out of the bushel of wheat that reaches Liverpool when he sells it in Hutchinson, Kans., what profits have been taken out of it and whether he has gotten full pay or not.

Such practical statistics as that are better than the "horse book" a good deal. In fact, this book is characterized by the agricultural press of the country as almost the Bible of the farmer. Now, were it also possible in this matter to bring together, as your chairman suggested this morning, a joint consultation of the heads of all Government departments to sit and study out the best practical commercial plans—not mere methods and results of statistical matter, but to find out the best practical way of knowing the exact cost aside from arbitrary rates that are crushing the farmer on the one hand or the consumer on the other hand, and what is the best way to get rid of the middleman—for these are questions that are concrete—

Mr. COOMBS. Suppose you got away with the middlemen—simply abolished them?

Mr. FARQUHAR. You could not do it.

Mr. COOMBS. What would you do with them, if you did?

Mr. FARQUHAR. You could not abolish them.

The CHAIRMAN. Usually your middleman is a pretty active sort of fellow; he would find another place.

Mr. FARQUHAR. Oh, yes.

Mr. COOMBS. There is one thing I would like to call your attention to, touching upon something you have said. I understand the province of this Department, acting through its several agents, would be to suggest and carry out trade relations with foreign countries. This would, of course, affect the tariff laws of this country. That is one of the ideas I understand you have.

Mr. FARQUHAR. Yes, sir. In fact, Mr. Chairman and gentlemen, an intelligent, well-organized commission working in this Department, if it went into the examination of reciprocity, would give you the facts—whether it is good or bad for the country.

Mr. MANN. Do you think this Department would result in the adoption of reciprocity treaties?

Mr. FARQUHAR. I think not.

Mr. COOMBS. Would not that be the tendency, inasmuch as they represent not the farming communities but the manufacturing interests?

Mr. FARQUHAR. Undoubtedly, to some extent. I would like to say, as this matter of reciprocal trade has come up, that while I was in Congress I was quite instrumental in urging reciprocity at that time, but the reciprocity advocated at the time the McKinley bill was up was the reciprocity that carried back of it a feature that has not apparently been observed lately; and, in this connection, I will give you Mr. Blaine's idea, if you desire it.

Mr. COOMBS. I would be very much interested.

Mr. FARQUHAR. First of all, the reciprocities that Blaine himself proposed were in the exchange of noncompeting commodities. That was the first prime foundation to work upon. The next proposition that Mr. Blaine intended to bring in was that all reciprocal goods should be carried in the bottoms of reciprocal nations, and he did not care how far tariff concessions in reciprocity were made so long as he could get the United States to build the ships that would ply between the South American republics and here. That was the commercial key that was back of the reciprocity plans of Mr. Blaine, and it was his intention to have carried it out if he had lived, and in all likelihood that would have been the next agitated question in commerce if he had lived. In fact I do not know but what his way is the way to build up a merchant marine to-day. It is one way to do it without taking money out of the Treasury.

Mr. COOMBS. Was Mr. Blaine's idea to do anything that would threaten violence to any domestic industry?

Mr. FARQUHAR. No, never. He wanted to hold the markets for home industries always, but at the same time this country has got to the position now that we ought not to simply manufacture for the home market. Invention has grown so rapidly and advanced so quickly that we can manufacture, possibly in six months, everything needed for the home consumption of the United States. Two or three of the most prominent men in furniture in Grand Rapids said they could turn out by labor-saving machinery inside of a year sufficient furniture to furnish ten States.

Mr. RICHARDSON. That means, then, we would have to look to the foreign markets?

Mr. FARQUHAR. Yes; and I am willing to cut restrictive strings to reach those markets. I would like to see this Department of Commerce established. I would like to see it, as I said yesterday, without trenching at all on the dignity of the State Department. Were I a Congressman to-day and had a right to put a bill in and get it up on the floor, I would take the whole of the consular service out of the State Department and put it in here at once and do something with it. The only way to do any good—it is just like a woman in travail—by all acts of legislation, is to legislate. It hurts some interest; it is fearfully painful, and all of that; but a boy is born; another soul comes in after it is all over and there is a happy family. And so I look upon the issue of this bill; when this child comes and it is able to toddle, I think it will grow in strength, because it has friends all over the country.

And while we are talking about foreign commerce, I want to say one thing in affirmation.

It is true, and has been true since the days of Egypt and Phœnicia, that the strongest and best and most complete civilization always preys on the weaker civilization. And I say it is the duty of Congress to so legislate that every South American and Central American republic

shall be the legitimate prey for American commerce and American trade, let it hit whom it may. These markets ought to be open to us. In the Southern States, take your 450 operating mills you have there to-day. Take, for instance, the case of the mills at Pelzer, S. C. Captain Smyth is over them. Four grand mills and another one just to be put up. Not one yard of cotton spun in the Pelzer mills was ever sold in the United States. It is all sold in China. You have the Chinese money down South in return and you have an increased price for your cotton, because you established home manufacture in the South.

Gentlemen of the committee, please accept my thanks for the pleasure and opportunity of appearing before you.

STATEMENT OF MR. CHARLES H. LITCHMAN.

MR. LITCHMAN. Mr. Chairman, Mr. Farquhar, Mr. Kennedy, and myself are the committee representing the Industrial Commission to appear before committees of Congress on matters of this kind.

Mr. Farquhar has so exhausted the subject that I think there is little for me to say. One question was asked in reference to insurance on which I might be pardoned for expressing an opinion.

I think that all of the regulations asked for and suggested by our Commission from the Congress carry with them the feature of inspection through the taxing power. The Constitution provides certain ways by which the Congress may reach legislation and not infringe on the sovereignty of the States.

Borrowing from the felicitous phrase of Mr. Cannon—there are many things you can not reach without apparently “fracturing the Constitution;” but you can sometimes reach indirectly a result which is for the benefit of the whole people, and all the people acquiesce in it and indorse the liberal construction of the Constitution rather than a strained and technical one.

I have had some familiarity with insurance; I have had some familiarity with beneficial societies which in foreign countries—in Great Britain, at least—are called friendly societies. The law of Parliament recognizes these and compels the society to raise sufficient revenue to meet the promises made. I think that the Congress of the United States may well take a step of that kind.

I want to say that I am heartily in favor of this bill creating a Department of Commerce, or a Department of Commerce and Labor, as you have it named in the bill. I heartily indorse the suggestion of Major Farquhar that there ought to be at least one more assistant secretary in this Department. The success of this Department in great measure will depend upon the wisdom shown at the beginning in arranging the plan of work upon which the Department shall be conducted. I wish it could be turned around and made a Department of Labor and Commerce, because, to my mind, when you conserve the interests of labor you serve the interests of the entire community.

With all due respect to Colonel Wright—and no man in America has a higher regard for Colonel Wright personally than I have—I am strongly in favor of making the Department of Labor a part of this Department of Commerce and Labor. I would like, like all those connected with the labor movements in the past thirty years, to see a separate department with a Cabinet officer, a Secretary of Labor.

That, however, is yet hidden in the womb of time. It may come. But we now have at our door, in the bill as it is before you, the possibility of representation for labor in the political family of the President, therefore I would say that you ought to have at least two assistant secretaries—one representing commerce and the other representing labor. And I think they will have plenty of work to do in assembling the necessary arrangements.

Mr. CORLISS. It is the contention of the labor men that if this is continued in the bill the labor bureau will be absorbed and rather smothered to the greater purpose of commerce.

Mr. LITCHMAN. I have seen that, and of course ought to hesitate in placing my opinion against Mr. Gomper's opinion and the opinions of other leaders of the Federation of Labor; and yet I am entitled to my individual opinion as well as they are, and I do not believe it, and I do not think it ought to have any weight with your committee. I believe labor will get what it has the power to ask for, and it won't get it if it has not the power.

If it has the power by and by, when the million and a quarter members of the Federation may reach five million—which is no more insane a prediction than it would have been ten years ago to have predicted a million and a quarter members at the present time—when it goes and asks for a department of labor it will get it. I think this is a step in that direction and I think my friends of the Federation of Labor make a mistake when they oppose the placing of the department of labor in this department. That is my individual opinion simply, but I have given twenty-five years of study to labor questions and have a right to speak in that direction somewhat, perhaps.

I think your committee, Mr. Chairman, may well report favorably on this bill. So far as the details of it are concerned, you are good lawyers and may know what is necessary to be done; but I agree with Mr. Farquhar that there ought to be a collating of this information in a manner to make it of benefit to the people throughout the country.

I hope you will pardon what may seem to be an egotistical statement when I say to you that I think that not until the Industrial Commission performed its work was there ever given so much information in a form that made it accessible. I think there is no question at the present time that you, as members of Congress, are called upon to investigate in reference to which you will not find very valuable assistance, not only in the material gathered by our Commission, but in the accessibility of that material in the manner in which it has been handled. In all our reports, nineteen volumes in all, you will find, first, a summary of the subject treated upon; then you will find a digest of the evidence indexed and cross-referenced, and then you will find the evidence in extenso. And in the nineteen volumes you will find an entire review of the industrial situation. There is not a subject coming before Congress upon which you can not find valuable assistance in these reports.

This statistical information will be available for the Department of Commerce and Labor, and when that Department is established you will have for all of the statistical information of the Government that credit among statisticians of the world that is possessed to-day by the reports of the Industrial Commission. And we who were on the Commission will be extremely gratified if such a result shall come, because one of the reasons I believe that led us to recommend so strongly the

creation of this Department was that the work we begun, which grew upon us in such magnitude, could be carried on in a wise, intelligent manner, so that by comparisons of investigations covering a period of ten or twenty or thirty years, you would be able to arrive at satisfactory conclusions as to the legislation that should be enacted by Congress for the remedy of the great evils complained of.

I do not know that I have anything more to offer, Mr. Chairman, and I thank you for your attention.

(Adjourned.)

SATURDAY, *April 5, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

STATEMENT OF HON. O. L. SPAULDING, ASSISTANT SECRETARY OF THE TREASURY.

The CHAIRMAN. General Spaulding, will you kindly give us your views regarding the taking of these bureaus from the Treasury Department and their transfer to the new contemplated Department of Commerce and Labor? The number of bureaus you know, and you are familiar with that bill, I take it?

Secretary SPAULDING. Well, I am familiar with it in a sense. I read it some time ago, but I never have given it any special consideration.

The CHAIRMAN. Well, there are several of those bureaus which it is contemplated should be taken out of the Treasury Department.

Secretary SPAULDING. Yes, sir.

The CHAIRMAN. To be transferred, by the terms of that bill, from the Treasury Department to the new department. What effect will the transfer of, say, the Bureau of Navigation have upon the business, the remaining business, of the Treasury Department?

Secretary SPAULDING. Well, as a matter of administration, as the bill stands now, it would be embarrassing, and I think it would be hard to work. I may say that the bill proposes to lift out bodily, as I understand it, several of the bureaus, and the result will be that it will dislocate a system that is working well, and, as I think, working admirably, unless some special attention is given to working out details of the bill.

For instance, if you will let me take up several of the bureaus I have in mind I will illustrate it. There is the Life-Saving Service, which has been built up, as you well know, by Mr. Kimball and made a magnificent service. It is in a sense the outgrowth of the Revenue-Cutter Service, and is dependent on it very largely for assistance in its administration. I understand that the Revenue-Cutter Service is not affected by this, and it is to remain with the Treasury Department, and, indeed, I do not see how it could go out very well, because it would take away entirely the means that the customs have of collecting their revenue so far as the sea and the water is concerned.

It would really be like asking a man to do an able-bodied man's work with one of his arms cut off.

But the Life-Saving Service is largely dependent upon the Revenue-Cutter Service. Besides that, by statute the keepers in this Service are inspectors of customs and have to do, so far as it may be necessary,

with the collectors of customs; and I may say right here that as I understand the bill it makes the collectors of customs subordinate to two departments in several particulars, and that will make administration very embarrassing. The collectors of customs are the revenue getters of the Treasury, and it would be unwise, it strikes me, for them in some features of their work to be subordinates of another department; there would be more or less friction and misunderstanding.

Speaking of the Navigation Bureau, to which you called my attention just now, I may say that I understand that the purpose of that bill is to separate commerce, as it is understood, from the revenue. Well, the Navigation Bureau is a revenue getter, and it gets it through the collectors of customs.

For instance, they collect tonnage taxes, which go into the Treasury and are treated just as the duties are. Now, you would have, as the bill now stands, another department collecting revenue. The Navigation Bureau has to do with the entrance and clearance of vessels and with the movements of vessels that are bringing in dutiable merchandise, and if the Department of Commerce was to take that Bureau as it is now, as I say, the collector would be subject to both departments. Perhaps the Secretary of Commerce would conclude that it was wise to move vessels having dutiable goods on them in some direction, and the Secretary of the Treasury might differ, and the collector of customs, taking instructions from his head, his head being part of the time the Secretary of Commerce and part of the time the Secretary of the Treasury, would be embarrassed by contradictory instructions; or if the instructions were not contradictory and the two Secretaries saw fit to confer on the matter before action was taken, the one Secretary would be compelled to refer the papers to the other, and they would proceed by a sort of circumlocution, taking several days, perhaps, to arrive at the proper instructions to be sent to the collector; because, as you know, when we refer from one department to another it takes by mail two days, one day for the letter to get there and another for the answer to come back, and sometimes the time necessary for the consideration adds more to it; and in the Navigation Bureau, for instance, holding a ship up for a day, or even for a few hours, means a great deal of money to the ship, and to-day in administering the law we do it often by telegraph and save all the time possible.

Then the Navigation Bureau has to do with the penalties and fines that are inflicted by collectors of customs, and if this were in the Department of Commerce, the navigation people would be obliged to refer the papers, in many instances, to the Secretary of the Treasury for the facts, and he would have to take the necessary time for reply, which would be saved if the business was wholly in his Department. These are some of the features in an administrative way occurring to me that will be embarrassing, and before the bill should become a law those conditions should be carefully considered. Then as to the Steamboat-Inspection Service. This Bureau has largely to do with collectors of customs, through the Secretary of the Treasury, and reports are made by collectors of customs, who, as I say, are revenue officers, through this Bureau to the Secretary of the Treasury.

The quarantine service also is affected by the bill, and as it stands now some embarrassment in administration would be likely to result there. The Secretary of Commerce, having charge of the quarantine,

might conclude that a ship having dutiable goods and passengers on board, with which the collector has to deal, should be treated in a certain way. The Secretary of the Treasury might think entirely differently. Now, cases might occur—I think have occurred—where the quarantine officer has held one view and the collector another, and the difference between them must be settled by somebody, and it has been heretofore settled by the Secretary of the Treasury. Whether things are always settled right or not we do not know. Sometimes the officer may be wrong, but it is better sometimes to be wrong and to get business done than to have one officer wrong and another right, as it might be in this case, and the business not done at all.

These are some of the suggestions I have to make on the embarrassments which are likely to occur in a double-headed administration such as the bill seems to provide. The collectors of customs should be, as I have said, as revenue officers, entirely under the Secretary of the Treasury. The collector of customs has something more to do than to count the duties over the desk—to collect the money. He must have the means to collect the money, and the means to collect it ought to be in his hands, which include the movements of vessels, and which ought to be under the control of the Treasury Department.

Then there is the matter of statistics. I understand it is claimed that there is a duplication of statistics, and I presume that may be so. I know of but one law upon this subject, and that is the law that requires the Secretary of the Treasury to collect statistics, and it is done through the Bureau of Statistics. Some other departments collect statistics which they get in the ordinary business of their departments. When they obtain them, they think them a matter of interest and importance and naturally desire to publish them in their own reports, and would probably do so in the future unless restrained by positive statute. But the only statistics, I think, which are required by law are from the Treasury Department.

If these statistics were collected by some other department, say, by the proposed new department, it could only get them through the Treasury Department, because the Treasury Department necessarily gets them in the performance of its duties, and another department could only get them through the Treasury Department after it collects them. It is worth while to consider, perhaps, whether the new plan would simplify the matter of getting statistics, or make it more complex, and simply add another set of statistics to those already collected and necessary to be collected by law.

What I specially want to emphasize is the fact that the collectors of customs, the revenue getters, the men who collect the customs, should be absolutely and entirely under the control of the Treasury. It has occurred to me that perhaps the Department of Commerce might take the matter up where the Treasury leaves it, commence a little further on and take up commerce in a broader sense and our commercial relations with other countries; and these bureaus of ours, which are now doing this work, might simply, as it were, put on the overalls and do the everyday work, getting it ready for the broader field of the Department of Commerce.

But at any rate, as the bill is now, it will work embarrassment, and it will work difficulty in matters of administration. The whole matter of navigation, as it is in this Bureau of Navigation, necessarily goes to the collector, and the administration of the navigation laws as they are

executed by him as the revenue getter should be under the Secretary of the Treasury. It may be that the title of the Bureau, that of "Navigation," is a little misleading, but its work is connected intimately with the collector of the revenue.

Now, that is substantially what I would like to say about it. I have taken the liberty of bringing here two or three representatives of the bureaus in the Treasury, and if you would like to interrogate them as to details I know they would be glad to answer your questions.

The CHAIRMAN. Thank you. It is due to Mr. Secretary Spaulding to say that he is here at my special request. I thought we would like to know some of these facts which he has given us, so that we could act advisedly, and I urged him to come here, and his coming is not voluntary on his part.

STATEMENT OF MR. EUGENE TYLER CHAMBERLAIN, COMMISSIONER OF NAVIGATION, TREASURY DEPARTMENT.

The CHAIRMAN. Will you please explain to the committee, Mr. Chamberlain, the relation of your Bureau to the collection of revenue and to the duties of the collectors?

Mr. CHAMBERLAIN. So far as the collection of revenue is concerned our duties are confined to tonnage taxes. The tonnage taxes are collected from the ship on her entry from a foreign port. The act of Congress under which this Bureau operates provides that "on all questions of interpretation growing out of the laws to the question of tonnage taxes and to the refund of such tax when collected erroneously or illegally his decision (the Commissioner of Navigation) shall be final."

All the returns of the collection of tonnage taxes, and so forth, are made to the Bureau. Whenever any question arises as to the legality or accuracy of any tax it comes to the Bureau of Navigation for determination. The money itself would be, of course, deposited by the collectors of customs just as other moneys that they receive are. The peculiar situation that would arise under this bill, as I understand it, would be that the actual collection of the tonnage revenues would be under the supervision of the Secretary of the Treasury, while the fact whether they were collected properly or not—if any question arose in any particular case—would be determined by a bureau which is to be transferred to an entirely different department, having no relation to the Treasury Department. A somewhat anomalous situation would be created in that way. Beyond that revenue phase of the matter, however—

The CHAIRMAN. About how much was the tonnage tax last year?

Mr. CHAMBERLAIN. Last year the receipts were in the neighborhood of \$900,000.

The CHAIRMAN. Proceed.

Mr. CHAMBERLAIN. The chief difficulty, as a matter of administration, that the office to which I am attached would find under this proposition has been indicated by General Spaulding. The office to which I am attached has under the law general superintendence of the merchant marine, so far as not otherwise provided. Of course there are particular statutes which bestow particular powers on particular other offices, but all the general propositions that relate to shipping are decided, in the first instance, in the Bureau of Navigation. Of course in the great bulk of cases the Bureau simply prepares the letters for

the approval of the Assistant Secretary of the Treasury, or for the Secretary himself, depending on the case.

The CHAIRMAN. Give the committee some idea of the scope and character of that part of the business.

Mr. CHAMBERLAIN. Well, I have jotted down a few of the items from the table of contents of the navigation laws. I will send the book to the committee.

In cases of remission of fines or penalties, for example, whether they come by mail or by telegram, whether the application for the consideration of the case comes from the individual person who is affected or whether it comes through the collector of customs with his recommendation, the instruction in the matter—the Treasury action—is prepared in the Bureau of Navigation. Those letters have to be approved by the Secretary of the Treasury, because, as you will discover, the Secretary of the Treasury is the officer authorized to remit or mitigate the penalty.

Now, by this bill, as I understand it, while the Bureau of Navigation, which has about twenty clerks in it, is transferred bodily to the Commerce Department, the powers of the Secretary of the Treasury in all these matters do not seem to be transferred with the transfer of the bureaus and divisions. What may have been designed to transfer the powers of the Secretary, I take it, is section 9 of the bill, on page 7. That section reads:

That all power and authority heretofore possessed or exercised by the head of any executive department over any bureau, office, branch, or division of the public service, by this act transferred to the Department of Commerce and Labor, or any business arising therefrom or pertaining thereto, whether of an appellate or revisory character, etc., shall hereafter be vested in and exercised by the head of the said Department of Commerce and Labor.

Now, I do not know whether that was designed to transfer all these powers of the Secretary of the Treasury to the Secretary of Commerce or not, but it seems to me that it does not do it. "All power and authority possessed by the Secretary of the Treasury over the Bureau." That power is a power and authority which, of course, every superior officer exercises over his inferior officers and his clerks. The duties of the Secretary of the Treasury are not changed by the section so far as I have read it. [Reading.] "Any business arising therefrom or pertaining thereto." Now, the business of the remission of these various fines and penalties of all sorts for violations of navigation laws does not arise, of course, from the Bureau of Navigation.

It arises where the offense is committed. We have nothing to do with the origin of these fines and penalties. They happen at the seaboard, and they do not "pertain" to the Bureau of Navigation, except as the Secretary of the Treasury has—

Mr. RICHARDSON. Do you not think that line would be construed to mean anything that properly belonged to your Bureau? If it transferred it to the Department of Commerce, "arising" would mean the words that are used in the statute there, "pertaining to." Read that again.

Mr. CHAMBERLAIN (reading):

That all power and authority heretofore possessed or exercised by the head of any executive department over any bureau, office, branch, or division, of the public service, by this act transferred to the Department of Commerce and Labor, or any business arising therefrom or pertaining thereto, whether of an appellate or revisory character, or otherwise, shall hereafter be vested in and exercised by the head of the said Department of Commerce and Labor.

Mr. RICHARDSON. Your personal understanding is that a certain character of business you perform in your Bureau does not arise there, and you simply perform certain acts connected with it, and therefore you do not think that clause of the bill would transfer it to the Department of Commerce, or that there would be a conflict?

Mr. CHAMBERLAIN. The idea which I am endeavoring somewhat crudely to express is that the Secretary of the Treasury has been given the authority by Congress to remit fines and penalties in certain cases, and there are quite a number of them; and all the clerical work on these cases, and it is considerable—there are often ten or a dozen in the course of each day—the clerical work of the preparation of these cases for the approval of the Secretary or the Assistant Secretary is done in the Bureau of Navigation. This bill transfers all the clerks, counting myself, all those who do the work, to another department, and puts them quite apart from the Secretary of the Treasury, under another head, and leaves the Secretary of the Treasury with precisely the powers that he had before.

Now, you have not changed the powers of the Secretary of the Treasury at all, it seems to me. The result, of course, will be that the Secretary of the Treasury will simply have to get more men to do precisely the same work, unless you transfer his powers too, and the clerks of the Bureau of Navigation will be in the Bureau of Commerce looking after other matters.

The CHAIRMAN. You think that it transfers simply the methods and machinery without transferring the subject-matter.

Mr. CHAMBERLAN. Exactly; without transferring the powers. Please look at section 6—that is a different section—which reads:

That the jurisdiction, supervision, and control now possessed and exercised by the Department of the Treasury over Chinese immigration, and over the fur-seal, salmon, and other fisheries in Alaska, be, and the same hereby is, transferred and vested in the Department of Commerce and Labor.

Now, there is a complete case. There is a case where there has been a complete transfer of the powers.

Mr. RICHARDSON. The jurisdiction?

Mr. CHAMBERLAIN. Yes, sir; the jurisdiction over the whole matter is transferred. But in this other case it is not so, and I have cited only one matter, that of fines and penalties; there are seven or eight others here. Here is the act of May 18, 1888, relating to the anchorage ground for vessels in the harbor and bay of New York. There is a similar act in regard to Chicago, also. Now, is the authority to take action to be transferred to the Bureau of Commerce and Labor? The actual orders to the vessels are issued by the Revenue-Cutter Service, but all the cases that arise from the violation of that law come to my office, preliminary to the action of the Secretary of the Treasury.

The act of March 16, 1896, provides that such places in Alaska as may be designated by the Secretary of the Treasury as the interests of commerce may require, shall be subports of entry or delivery or both, etc. Is this power transferred to the Secretary of Commerce and Labor or does it remain vested in the Secretary of the Treasury? (See also act of May 22, 1896, act of June 10, 1896, act of August 28, 1890.)

Act of May 16, 1888, authorizes the Secretary of the Treasury to define anchorage grounds for vessels in the bay and harbor of New

York. Is this power to be transferred to the Secretary of Commerce and Labor or not? (See also act of February 6, 1893, act of June 6, 1900, act of March 6, 1896.)

By section 6 of the act of June 26, 1884, the Secretary of the Treasury, under certain conditions is authorized to refund penalties incurred for violation of the laws relating to vessels or seamen. Is this power to be transferred to the Secretary of Commerce and Labor?

By section 5294, Revised Statutes, amended December 15, 1894, March 2, 1896, the Secretary of the Treasury is authorized under certain conditions to remit or mitigate fines, penalties, or forfeitures provided for in the laws relating to vessels. Is this power transferred to the Secretary of Commerce and Labor?

Section 3109, Revised Statutes, authorizes the Secretary of the Treasury to permit foreign vessels under certain circumstances to proceed inland under a special permit to unload or take on cargo. Is this power transferred to the Secretary of Commerce and Labor? (The enforcement of the laws generally relating to vessels are intrusted to the Secretary of the Treasury. Are these powers transferred to the Secretary of Commerce and Labor?)

Section 2776, Revised Statutes, as amended by section 29 of the act of June 26, 1884, authorizes the Secretary of the Treasury to permit vessels arrived at a port of entry with bulk cargo to proceed to other places in the district to unload. Is this power transferred to the Secretary of Commerce and Labor?

Act of March 31, 1900, authorizes the Secretary of the Treasury to prescribe regulations governing the boarding of vessels. Is this power transferred to the Secretary of Commerce and Labor? (The decision of questions generally relating to the entry and clearance of vessels is vested in the Secretary of the Treasury, who acts through collectors of customs. Is this power transferred to the Secretary of Commerce and Labor?)

Act of October 18, 1888, authorizes the Secretary of the Treasury to permit the use of petroleum as fuel in certain cases. Is this power transferred to the Secretary of Commerce and Labor?

In fact, from such study as I have been able to give the bill, it does not appear quite clear whether, with the transfer of any of these bureaus that are named—some three or four, five or six—out of the Treasury, the powers that are specifically bestowed upon the Secretary of the Treasury (they are not bestowed upon the Marine Hospital, nor on the Bureau of Navigation; they are not bestowed on the Steamboat-Inspection Service, or the Life-Saving Service) are transferred. There are qualifications to this statement, for in some cases the heads of the bureaus are absolute under the law, but the great bulk of the important work must be approved by the Secretary of the Treasury. The acts of Congress say the Secretary of the Treasury shall have power to do this, that, and the other thing, and so far as I can make out the transfer is in every case, with the exception of the case of the Chinese immigration, and the fur-seal, salmon, and other fisheries, a mere transfer of the bureaus and not a transfer of the powers.

Whether that is the design of the bill, or whether it is not, of course I could not undertake to say. Perhaps there may be reasons why it would be desirable to retain all these powers in the Secretary of the Treasury. They are all carried out as General Spaulding has indicated.

Now, all these orders of the Secretary of the Treasury relating to

all these matters are carried out along the seaboard by the collectors of customs. The collectors are the hands of the Secretary of the Treasury; they execute all his orders, and I do not see very well how it would be possible, how it would be convenient, how it could result in anything but embarrassment to commerce instead of the fostering of commerce, if these powers were changed. But there may be some reason that I am not familiar with for transferring the bureaus and not transferring the work, although it does not seem probable.

Mr. COOMBS. The Department of Labor is transferred. If the Department of the Commissioner of Immigration should be transferred, that would naturally carry the administration of the law with reference to the exclusion of Chinese.

Mr. CHAMBERLAIN. That is carried specifically by the section on the Chinese matter.

Mr. COOMBS. I understand that, but the execution of the Chinese-exclusion laws is involved with the duties the present Labor Department, and that is transferred.

Mr. CHAMBERLAIN. I think the Chinese business, under an act of a year or so ago, goes to the Bureau of Immigration and not to the Bureau of Labor.

Mr. COOMBS. That is separate?

Mr. CHAMBERLAIN. The Immigration Bureau is in the Treasury, and that is transferred to the Department of Commerce and Labor so called, and is quite distinct. That is another proposition altogether.

Mr. COOMBS. I understand that, but I had the idea when I first read it that it transferred the Department of Immigration first, and then that that would naturally carry the execution of the Chinese law, whether it was otherwise carried or not. I may be mistaken about that.

Mr. CHAMBERLAIN. To get more exactly down to the proposition—perhaps I have been speaking too vaguely, at any rate—unless there shall be some complete recasting of the whole scheme of relations of the Bureau of Navigation, collectors of customs, and shipping, the fundamental difficulty in transferring the Bureau of Navigation to the Department of Commerce would be practically this: The Bureau of Navigation deals primarily with the ship—the ship and its crew. Now, the cargo in almost all its phases is a customs matter, and customs matters necessarily stay in the Treasury. If you try to put the Bureau of Navigation in one place and leave the customs in another, it is making a sort of artificial division by law between the cargo and the ship. You can not do that very well as a practical matter. Of course when questions arise about the ship the cargo often is involved.

Mr. RICHARDSON. That would come under the Department of Commerce?

Mr. CHAMBERLAIN. Yes, sir; it relates to the Department of Commerce. If it were proposed to change the title of the Treasury Department to that of "Department of Commerce," and then add to it these outside bureaus that are not in the Treasury, that would be a different proposition altogether. There might be reason for that, because, as a matter of fact, the title "Treasury" is not now and never has been since the first establishment of the Department an adequate designation of the Treasury Department. It is not the Treasury Department as that is known in England, and perhaps other countries, and it has always been a department of commerce since the first acts

were passed. That is what it is now. The difficulty is in making your line of cleavage, in so splitting up the Treasury Department that you will not separate bureaus and divisions which must work in unison. Bureau officers and clerks, of course, can get along under almost any system. The difficulty will be with commercial business on the part of many of the commercial gentlemen who are so earnestly for this bill.

Mr. RICHARDSON. Just a word before you leave that matter of drawing these lines of distinction, as you have described it. As to the title of the "Treasury Department," that does not express all the authority and all the various subjects that embraces. Now, when you come to the questions of tonnage and customs duties, and everything of that kind, that relates to money—

Mr. CHAMBERLIN. Yes.

Mr. RICHARDSON (continuing). The Treasury means money.

Mr. CHAMBERLIN. Yes, sir.

Mr. RICHARDSON. Why would it not be as applicable as "Commerce?"

Mr. CHAMBERLIN. It is the Treasury and a great deal more. The Treasury Department from the beginning of the Government has been a Department of Commerce, called the Treasury Department; but I was going on to say that a case of this kind arises very frequently, several times a week. For some cause a vessel is detained in New York, or anywhere. They telegraph through the collector of customs requesting permission to clear. Any number of causes may hold a vessel up, where the Secretary has the authority to authorize the clearance. Now, that is a matter which comes direct to the Bureau of Navigation, and the reply is prepared there and taken up to the Secretary of the Treasury, and off it goes. The whole matter does not consume, from the time the telegram leaves New York until the answer arrives there, perhaps more than a few hours.

If there is going to be a Secretary of Commerce you will have to distinguish pretty carefully between what are to be his powers and what the powers of the Secretary of the Treasury, and even if that matter is made perfectly clear—

The CHAIRMAN. Will you tell the committee, if you please, briefly, what is done in the office of the Bureau of Navigation—what subjects they have?

Mr. CHAMBERLAIN. All matters that relate to the tonnage tax—the accounts and all disputed questions; all matters that relate to the entry and clearance of vessels; all matters that relate in the first instance to the fines and penalties and forfeitures, and so forth, incurred for violations of the navigation laws; the laws relating to seamen; all navigation laws. The table of contents of the navigation laws will give an idea of the scope of the work.

In many cases these matters are in the second instance referred for a report to the collectors of customs and the different bureaus in Washington; but in the first instance, as I say, the cases are passed on here and then passed up to the Secretary.

Secretary SPAULDING. And all documents relating to the collectors of customs?

Mr. CHAMBERLAIN. Yes, sir. Perhaps out of all the letters that go out of our Bureau, I presume that probably half, on an average, are to collectors of customs directly, and in that I am not including anything else. I am talking of letters, you know. There are a large number of blanks, issues of award, etc., and things of that kind which

are on blank forms and are written out, supplying the particular information in each particular case. Of course I am not counting those; those all go to collectors.

Mr. COOMBS. Do you not think that it would be a matter of four or five years' work to make a scientific assignment of the different bureaus of the several departments to their proper places?

Mr. CHAMBERLAIN. A matter of four or five years' work?

Mr. COOMBS. Yes, sir.

Mr. CHAMBERLAIN. Well, I think it is a work of so much importance that it would depend upon who was doing the work whether it would take four or five years' work.

Mr. COOMBS. Supposing, for instance, the power was vested in the President to make an assignment of the different bureaus to the several departments, according to their character; I assume that he would call into consultation, from time to time, the heads of the different departments, and he would employ scientific assistants, men who were expert in these matters. Now, do you not think if that were done it would be a matter of logical growth rather than the work of a day, or to be disposed of by one law?

Mr. CHAMBERLAIN. Yes, sir; undoubtedly. The present organization of the Treasury or any other department—certainly any of the older departments—is not a matter of a single statute. It has grown up by itself, and it is going to be very difficult in this manner to go through the departments with a zigzag knife, cutting here and there—

Mr. COOMBS. It is a work of disorganization, is it not?

Mr. CHAMBERLAIN. I do not want to say that of a bill that has had the commendation of the Senate of the United States. I would not want to say that it is a work of disorganization, but I must say that I fail to see precisely how the bill as drawn is going to accomplish the purposes proposed—to foster and promote and develop the foreign and domestic commerce.

Now it strikes me, though perhaps I ought not to say it, because it does not pertain to my office (but it certainly would strike the lay mind not confined by official trammels), as somewhat peculiar that the most important work—certainly, measured by money, the most important work—that is done by the United States to foster, promote, and develop the foreign and domestic commerce, the work of river and harbor improvements, this proposed Department has nothing to do with. Certainly the amount of money that is spent on such improvements is very large every year. Now, while it is the province and duty of this Department to foster, develop, and promote foreign and domestic commerce, the most important work that is done in that direction it has absolutely nothing to do with; and very properly, of course, because that work belongs where it is.

Mr. RICHARDSON. Do you not admit, with your knowledge of the departments now of the Government, that there are many of the subjects relating to government that are being administered by these departments which are absolutely unrelated to the departments in which they are?

Mr. CHAMBERLAIN. Certainly; necessarily so.

Mr. RICHARDSON. You regard it as a drastic and violent method to go through the departments, as you described it a while ago, in a zigzag way, cutting here and there—

Mr. CHAMBERLAIN. Yes, sir.

Mr. RICHARDSON. But suppose the bill confers, and would it not be absolutely appropriate, and patently so, to confer, along with the authority conferred upon the President to look into the matter, an authority to regulate it and to assign those bureaus to their proper places?

Mr. CHAMBERLAIN. I have no doubt, of course, that that would be the scientific way of going about it. There can not be any question about that.

I beg your pardon for having taken so much time.

**STATEMENT OF MR. M. D. O'CONNELL, SOLICITOR FOR THE
TREASURY DEPARTMENT, WASHINGTON, D. C.**

Mr. O'CONNELL. Mr. Chairman, my relation with the Treasury Department, as you well know, because you have held the same position, is that of legal adviser, and in looking after the litigation that comes to me through the Treasury Department I necessarily have to know something about the administration of the Department.

Now, I understand that the Treasury Department is intended mainly for this purpose, to collect the revenues of the country and to disburse them—I do not mean to disburse them in detail, but to pay them out to the departments—to pay to the other departments, largely. Of course, it is the paymaster of the Army and the paymaster of the Navy that pay the soldiers and sailors, and not the officers of the Treasury Department; but they receive the money through the Treasury Department.

Now, we mainly get the revenue into the Treasury through two channels. The two main great channels are the Internal Revenue Bureau and the customs division of the Treasury Department.

Everything connected with the collection of the revenue ought to be under the head or control of one department, if possible; I mean this general revenue collected in this way. All of the money that is brought into the Treasury from the customs passes through the hands of collectors of customs.

Now, all these different bureaus of the departments that have to do with the collectors of customs, who collect this couple of hundred millions of revenue each year, should be under the Secretary of the Treasury. It would be the most absurd thing in the world to talk about putting the Revenue-Cutter Service anywhere else—no one understands that better than the chairman of this committee—because the Revenue-Cutter officers are under the direction of the various collectors of customs at the stations where they may be placed.

When you come to the Bureau of Navigation, I do not suppose there are more than twenty clerks in that Bureau here in Washington, are there, Mr. Chamberlain?

Mr. CHAMBERLAIN. Twenty.

Mr. O'CONNELL. It is a small office. They receive the reports, and do the business, and give the instructions, and the commands, but the directions which they give are signed by the Secretary of the Treasury, are they not, principally?

Mr. CHAMBERLAIN. To a very great extent.

Mr. O'CONNELL. All important matters are considered by the Secretary of the Treasury. Now, who is it that does the work? It is largely done by the collectors of customs. Here are \$800,000 of rev-

enue taken in tonnage dues. This all passes through the collector of customs. Am I not right about it?

MR. CHAMBERLAIN. All of it.

MR. O'CONNELL. Now, would it not be a great mistake to put that Bureau into another department? It seems to me it would. They do their work through the collectors of customs, and the directions are given to the collectors of customs by the Secretary of the Treasury—not by the chief of the bureau but by the Secretary of the Treasury.

Is the Secretary of the Department of Commerce and Labor going to give these instructions to the collectors of customs as to what they are to do in the collection of revenue? It seems to me that you are making two bites at a cherry; you are having a little matter attended to by two different departments.

MR. DAVIS. In framing the bill it sounded better, when one said "The Bureau of Navigation," to think that they were connected with the Bureau of Commerce instead of with the Treasury, and therefore they were put right into the new bill.

MR. O'CONNELL. I do not want to reflect upon anybody. I am afraid that sometimes these things are done without sufficient consideration of the consequences. I think anybody who will consider that will say that it is a serious matter. I need not take up the time in discussing a matter of that kind, it seems to me.

Now, you take the Life-Saving Service. You know, Mr. Chairman, that this was built up by one man, Mr. Kimball, who was at the head of the Revenue-Cutter Service, and now the Life-Saving Service has grown to be the greatest service of its kind in any nation on the earth. There is no government in Europe or anywhere else that has such a life-saving service as we have in this country. It has grown so that it overshadows the Revenue-Cutter Service. It was a part of the Revenue-Cutter Service, but it has now grown so that it is greater than the Revenue-Cutter Service itself, immeasurably greater.

Now, there are men educated in the Revenue-Cutter Service, educated for the service, detailed to the Life-Saving Service, who superintend and inspect their affairs; not the men who are stationed at the life-saving stations, but the men who act as inspectors and superintendents; men like Lieutenant McClellan—a man who is worth \$10,000 a year to this Government—who is a lieutenant of the Revenue-Cutter Service, or like Lieutenant Jarvis, who did most worthy service last year for the Treasury Department. General Spaulding can testify to the excellent service that he did last year. He is a member of the Revenue-Cutter Service—detailed to that service. He is under the Secretary. Everybody understands that.

May I be permitted to make a suggestion, and that is, that you are trying to make a great department here in a very short time?

A very few years ago we did not have a Department of Agriculture. The Department of Agriculture was a Bureau of the Interior Department; and you started it, a little thing in its beginning, but it has grown and extended and spread itself until it is invaluable. It has grown each year a little, and the next year a little more, and the next year, until it has grown to be a great department. We have learned by experience what it is best to do, and I think the very best has been done in building up that Department, and I think it is a great deal better than it would have been to try to make it what it is to-day in one year, don't you?

Now, I think the mistake that is being made is in trying to make this Department of Commerce and Labor a department of too great size at the start. Do not make it the largest department of the Government in the first year of its existence.

Mr. COOMBS. It would be the largest in the world.

Mr. O'CONNELL. Yes, you are right, Mr. Coombs. You will have the largest department in the world, if this bill should become a law.

Mr. RICHARDSON. If we put into it all that anybody has suggested it would leave all the balance of you out of a job.

Mr. O'CONNELL. Now, I think there is a mistake. We have no trouble—I do not mean we, because I am only the legal adviser of the Secretary and his assistants; they give me enough to do, as they did you when you were there, I believe, Mr. Chairman—but there is no trouble in administering these bureaus where they are to the best possible advantage. I do not see any trouble with them where they are. There is no necessity for the change, unless the object is to make a department larger than any other department at the start out.

Let this new department commence in a modest way, and then if you find out, after some experience, that it is better to take into it this Bureau of Navigation, which does its work under the Secretary of the Treasury, very well. The Bureau of Navigation is much like a division in the Department. A large proportion of its letters are signed by Assistant Secretary Spaulding and are addressed to collectors of customs. I want to know whether the Department of Commerce and Labor is going to address communications to the collectors of customs. It would be embarrassing and would certainly complicate matters.

Mr. ADAMSON. What is there in the Treasury Department now that is not properly there and which ought to be unloaded and carried away?

Mr. O'CONNELL. There are some things that have no special relation to the Treasury Department. I will suggest one to you—the Bureau of Immigration and exclusion of the Chinese. That belongs there. They are not collecting revenue. The expenses incident to the Bureau of Immigration are defrayed by means of what is known as a “head tax” of \$1, which is paid by shipmasters or agents for each alien passenger brought into the country. It is proposed to increase this head tax to \$1.50.

Mr. COOMBS. That is under the immigration law, under the exclusion law?

Mr. O'CONNELL. The immigration law, or the immigration and exclusion law.

Mr. ADAMSON. Do you not think that would more properly go to the State Department, along with all questions of foreign commerce?

Mr. O'CONNELL. No, sir; and I will tell you why not. Because they have not the agents and instrumentalities by which they could do the work.

Mr. ADAMS. Can not they get them as well as the new Department could?

Mr. O'CONNELL. No, sir; because the immigration and inspection officers together do that work. They should do that work together. The immigration and inspection officers can work together, and sometimes one man can do the work and sometimes the other, and either for either, as the case may be. What I think is that the officer that looks after the immigration law can look after the Chinese-exclusion law at the same time.

I will illustrate. Of course Mr. Coombs takes more interest in that than most of the rest of us, because he is from California. Well, there is a lot of trouble on the Canadian frontier, and there is about as much trouble lately on the Mexican border. They send Chinese in transit through California to Mexico. Only recently 75 Chinese men passed in transit to Mexico, and within a few days 70 of them had recrossed the border and were arrested in the United States.

Now, we have to have a set of officers there to look after the Chinese-exclusion law, and the same officers can look after the violations of the immigration law; that is, the entry of people who are objectionable, as it is now provided in the bill which is at present pending in relation to this immigration law. They can work together. I can see no necessity for that Bureau being connected with the Treasury at all.

MR. ADAMSON. Should not these matters you have mentioned, of exclusion, be attended to by the State Department, as affecting people coming from other countries?

MR. O'CONNELL. No, sir; I think that is not necessary. We have not found that it is a difficult law to enforce—I say we, because when there is trouble about the matter they send it to the Solicitor of the Treasury—we have found no trouble in dealing with it any more than the State Department would.

MR. ADAMSON. The State Department is not as large or as hard worked as most of the others, is it?

MR. O'CONNELL. No, sir; nor is it necessary this Department of Commerce should be made larger than any of the others at the start.

MR. ADAMSON. I have asked several of these gentlemen who have appeared before the committee, and I want to ask you the same thing, if there is any of the other departments so well prepared and equipped for attending to questions arising out of foreign commerce as the State Department?

MR. O'CONNELL. If you will put the question to me, whether this Bureau of Immigration and Chinese exclusion law might not be made a bureau in the Department of State—

MR. ADAMSON. That is the question.

MR. O'CONNELL (continuing). And have their officials just as they have them in the Department of Commerce, I answer that there is no reason why they should not; because they are independent officers. In questions arising as to conclusions of right and wrong, as to our citizens in foreign trade, it strikes me it is impossible to get up any department more thoroughly prepared to deal with these questions than the State Department.

MR. COOMBS. Appropos of that suggestion, would it not be a source of irritation all the time between the State Department and foreign governments if the State Department had the administration of the exclusion law?

MR. O'CONNELL. I should think the State Department would fight vigorously against assuming the responsibility, and would rather that it would be called upon only occasionally, in a difficult case or troublesome matter.

MR. COOMBS. It would make it diplomatic?

MR. O'CONNELL. Yes, sir.

MR. COOMBS. And you would make it a matter of business and nothing else?

MR. ADAMSON. Do you think that a man could deal with the balance of mankind in any way that is not diplomatic?

Mr. O'CONNELL. No, sir; not when we deal with the people on the outside. It seems to me we have a right to protect ourselves, and to say that nobody shall come into this country unless we think it is for the best interests of our country that that person should come. We have a perfect right to do that, and no nation has a right to complain.

Mr. ADAMSON. I fail to see the distinction, as to whether you perform that function through one department or another; it is all the same government.

Mr. O'CONNELL. I do not know that it makes much difference. But I am satisfied that the State Department would much rather not have that resting on its shoulders.

Mr. ADAMSON. If you had a new department it would be as likely to be a diplomatic department, and to be just as much embarrassed as the State Department would.

Mr. O'CONNELL. We have not found much difficulty in dealing with them. We keep on writing opinions, and the Treasury Department follows them, and we have not had any trouble with foreign nations. You did not find any trouble, did you, Mr. Chairman, with foreign nations during the four years you were performing those duties?

Mr. ADAMSON. I have no disposition to dislocate your department, but you say you are——

Mr. O'CONNELL. I am inclined to think that if you and I sat down together some Sunday to talk this matter over we would not disagree very much.

Mr. ADAMSON. I do not see why we can not agree about it now.

Mr. O'CONNELL. The great necessity for the department is not apparent to my mind at this time.

Mr. DAVIS. You alluded a while ago to the manner in which the Agricultural Department was started off.

Mr. O'CONNELL. Yes, sir; I speak of that because we all remember it so well.

Mr. DAVIS. It started off in a simple way, with very few duties imposed upon it.

Mr. O'CONNELL. And developed.

Mr. DAVIS. And developed itself until now it has become a great department of the Government.

Mr. O'CONNELL. And very valuable.

Mr. DAVIS. Now, you are a lawyer and have also been long connected with the Government in an official way. Do you not think that it would be better also to start this department in charge of such duties as relate purely and simply to the great commercial interests of the country, the manufacturing interests of the country, the insurance interests of the country, and so forth, instead of trying to pad it out by lugging all these bureaus into it?

Mr. O'CONNELL. My dear sir, to my mind it is just as apparent as the sun at noonday that that is the very way to build up such a department. You know I am one of the men that are a little afraid of too many departments in the Government, just as I am afraid of too many bureaus and too many committees. You know we try to magnify the importance of what we are connected with.

Mr. ADAMSON. You might make it automatic by allowing the Cabinet officers to transfer a bureau from any other department, and start out with a small beginning.

Mr. O'CONNELL. Oh, no; I think not. I think as safe a place as

you can leave that is in the hands of the lawmaking power. I can not subscribe to that. I am against you on that.

Mr. ADAMSON. I did not say that that was my position.

Mr. O'CONNELL. I am opposed that idea, then.

Mr. COOMBS. Were these matters and these difficulties that you have mentioned here presented by your Department before the Senate committee?

Mr. O'CONNELL. I do not know that there were. I belong, as you know, to the Department of Justice, and I have not meddled with it; I really will say to you, frankly, Mr. Coombs, that when I found this matter in this shape I went to the Secretary of the Treasury, and I went to others, and stated that this matter ought to be presented to the committee before the bill was reported; but, of course, the Secretary of the Treasury did not feel at liberty to make any suggestions to this committee nor to request anything of them at all. Of course, he was ready to respond if asked. I am not authorized to speak for him in any way at all, but I did feel, myself, knowing what I did about the matters, that it would be better to call a halt before you do too much.

Mr. RICHARDSON. What do you think of the idea of establishing a Labor Department with a Secretary of Labor in the Cabinet, leaving the commerce question out?

Mr. O'CONNELL. Well, I do not see why labor and commerce may not be put together, and I do not see why the Labor Bureau may not go into this Department of Commerce, and why you should not call it the Department of Commerce and Labor. I do not see that that is objectionable.

Mr. RICHARDSON. Commerce would probably embrace thoroughly all the manufacturing interests of the country, and that is where the friction would come—between the manufacturing interests and the labor interests.

Mr. O'CONNELL. Yes, sir; but that is exactly why I like the idea of putting them together. I do not want one department of this Government set up to be antagonistic to another department; there is no occasion for that. There is no reason why the department should not have one head; and it being headed by a fair-minded officer of ability and experience, an adviser of the President, and having the President to advise with, and the other members of the Cabinet to advise with, that is the safest way in the world to adjust differences between commerce and labor.

I speak of it in the light you have represented it, of commerce as represented by the manufacturers; and in view of the questions and controversies between the manufacturers and labor, it seems to me there is a very good place to have it, under one head. Why should not such a department, headed by an intelligent, able, and public-spirited man, be the best agency to attempt to adjust these differences between capital and labor, rather than to have one Department of Commerce and another Department of Labor, and men representing labor going to one head and those representing commerce to the other, and then having the two brought together in conflict?

Better go to the one head; just as when we go into court to try a case, the plaintiff and the defendant have to go before the same judge and submit both sides of the case to the judge and jury to have it determined. The plaintiff does not go into a court before one judge

and the defendant before another. We get them both together and hear what they have to say, and the one tribunal handles the whole matter and decides between the two.

I believe, Mr. Richardson, that is better. Of course it is easy to be wrong, and it is more difficult to be right; vastly more.

I think that is all I have to say, unless there are some other questions.

I have not said anything about the Bureau of Inspection of Steamboats, but I think what I have said may be considered to apply to that also.

STATEMENT OF JAMES A. DUMONT, SUPERVISING INSPECTOR-GENERAL, TREASURY DEPARTMENT.

The CHAIRMAN. General Dumont, will you tell the committee something of the relations of your branch of the Government to the Treasury Department?

Mr. DUMONT. Mr. Chairman, I do not know that I can say much, nor say it as well, on the subject, as the gentlemen who preceded me; but when I got the bill as it passed the Senate I read it very carefully, and concluded it would have to be greatly amended to accomplish the object sought therein, but did not feel that it was my duty or that it was proper for me to criticise the Senate for the omission referred to, but it occurred to me that they had transferred, as Mr. Chamberlain said, large matters to the new bureau without transferring the authority to perform them, upon the proposed Department of Commerce, now imposed upon the Secretary of the Treasury under existing statutes. There are probably 15 or 20 sections under the law, Title 52, Revised Statutes, where the authority is conferred directly by the statute on the Secretary of the Treasury, and if the Steamboat-Inspection Service is going to be transferred to the proposed Department of Commerce there should be some amendments to cover that point.

The Steamboat-Inspection Service does not come so much in contact with the money department as the other departments of the Government do that it is proposed in the bill to transfer. Section 4490 makes the collectors of customs and the officers of the inspection service joint policemen, you may say, to prevent violations of the law. That is one case where if the inspection service is transferred officers under two distinct heads of departments would be performing identical duties. Another would be in the case of witnesses summoned in the trial of licensed officers and others for violation of the steamboat-inspection laws. There is the fee of the witness and mileage which is paid by the collector of customs, who is furnished the means for the purpose by the Secretary of the Treasury on a requisition from the Supervising Inspector-General.

The original certificates of inspection of all steam vessels are, under the law, filed with the collectors of customs, copies of which are sent to the steamboats receiving them, and the collector, under the direction of the Secretary of the Treasury, has to report to the Secretary the names of all vessels to which certificates have been issued, which is very necessary in our service, as a check on the similar reports made by the officers of the inspection service. It is not so much now as it used to be when inspectors collected their fees for licenses, but still it is a great check on the mileage expenses of inspectors. I do not know of any officers who would take advantage of the fact of there

being no such check, but of course we all know what human nature is, and an officer might report a steamer as inspected at some distant port and charge mileage therefor, upon which there would be no check, unless we have a report from the collector of customs as a check upon such practice, showing that officer had received a certificate of the inspection of the steamer and had issued copies thereof to the master or agent of the steamer.

The CHAIRMAN. Could the duties of your office be performed as well if you and your bureau were under the direction of the Secretary of Commerce, and your bureau was connected with that Department?

Mr. DUMONT. I do not think it would make any great difference in that respect. The only thing, as I say, about the law is that I do not think it transfers the authority to the Department of Commerce to perform the duties imposed by law upon the Steamboat-Inspection Service.

The CHAIRMAN. Aside from that, leaving that matter out of consideration, and considering the convenience of the arrangement?

Mr. DUMONT. Yes, sir; I think so, after a while, though we will still be brought in connection with the collector of customs and jointly perform with that officer a part of the duties pertaining to the Inspection Service, and each, perhaps, acting under conflicting orders from the heads of the two departments, and so be confusing in that way.

Besides, when necessary to get information from a collector of customs, as frequently is the case, such information will have to be obtained through the head of the Commerce Department, and thence through the Secretary of the Treasury, thus making a roundabout way of doing business. A great deal of business is done by telegraph in these days, to obviate, so far as possible, any delays that in many cases, if not promptly acted upon, would seriously delay commerce; delays that would surely occur if it should be necessary primarily to get information from the head of the Department of Commerce, and that officer has to go to the Secretary to get it, as will be the case under the bill under consideration, thereby causing serious delays to commerce, particularly if the matter of inquiry goes into the hands of clerks who may not recognize the importance of haste in the matters presented.

STATEMENT OF MR. S. I. KIMBALL, GENERAL SUPERINTENDENT OF THE LIFE-SAVING SERVICE OF THE TREASURY DEPARTMENT.

The CHAIRMAN. Will you please tell the committee about the Life-Saving Service in connection with the Treasury Department?

Mr. KIMBALL. My special interest in this bill is, of course, the effect that its passage in its present form, which proposes to retain the Revenue-Cutter Service in the Treasury Department and to transfer the Life-Saving Service to the Department of Commerce, would have upon the Life-Saving Service, which is under my charge.

The Life-Saving Service originated, as the Assistant Secretary of the Treasury has told you, in the Revenue-Cutter Service. The first life-saving station that was ever built in this country was built under the direction and supervision of officers of the Revenue Marine or the Revenue-Cutter Service. By statute every new life-saving station must be erected under the supervision and superintendence of captains in the Revenue-Cutter Service.

The intimacy between the two services is so close that Secretary Chandler, who has had great executive experience, not only in the Treasury Department, of which he was formerly Assistant Secretary, but also as Secretary of the Navy, said that they were inseparable. He was at that time striving to have the Revenue-Cutter Service transferred to the Navy and made a very earnest effort in that direction. In his report on the subject he said that their interests were so united that they must necessarily go into one department, and if the Revenue-Cutter Service should be transferred to the Navy the Life-Saving Service would follow as a necessary sequence. And that, Mr. Chairman, is a fact.

There are several statutes that I can cite to you that will show you that fact—that wherever one of these services is the other should be.

There is, perhaps, nothing that would prevent the management of the Life-Saving Service by the Department of Commerce as well as by the Department of the Treasury, except its connection with the Revenue-Cutter Service and the act of Congress which requires the Life-Saving Service to collect and publish in the annual report of the service the statistics of marine disasters. The act of June 20, 1874, provides for the collection of marine statistics. The first time they were ever collected in this country was by the authority of that act, and it is very strange that such an important thing should have been omitted until that time, but it is a fact.

The collectors of customs furnish these statistics. All vessels enter and clear from the various ports under the direction of collectors of customs, and this makes it necessary that the statistics be collected through those officers. These statistics are then reported to the General Superintendent of the Life-Saving Service, who compiles them as required by the act of June 18, 1878, and publishes them in his annual reports. These statistics are of great value, being largely made use of by the underwriters in determining the rates of marine insurance, and by commercial organizations, merchants and shippers, and other people in connection with the management of their business.

Section 8 of the act of June 18, 1878, provides for the detail, by the Secretary of the Treasury, of such officers of the Revenue-Marine Service as may be necessary to act as inspectors and assistant inspectors of life-saving stations, who are to perform such duties in connection with the conduct of the Life-Saving Service as may be required by the General Superintendent.

The chief inspector is stationed in New York City. He inspects largely the supplies, the apparatus, and the boats that go into the Life-Saving Service. We must have some person familiar with boats and their construction to occupy such a place as that. We must have a man who is also familiar with the peculiar apparatus of the service to make the proper inspection. We could not get the necessary qualifications in any branch of the Department of Commerce. We would have to go to the Treasury Department to get revenue-cutter officers to do that work.

Besides the chief inspector we have 13 of these officers on duty now in the Life-Saving Service as inspectors of life-saving districts. They are called assistant inspectors. They are all under the immediate direction of the General Superintendent, and, in certain matters, subject to the orders of the inspector stationed at New York, but are themselves stationed in the various districts. These are revenue-

cutter officers. Under the present conditions the Life-Saving Service has no trouble, as a rule, in getting the officers it wants.

The interests of the Revenue-Cutter Service and those of the Life-Saving Service are so interwoven and so intimately connected that the Secretary and the chief of the former service try very hard to accommodate us and give us the persons best fitted for our work. If the two services should be placed in different departments, I take it that they would not be so much disposed or so able to work in harmony with us. There would certainly be more friction. If friction now arises between the two services relative to the detail of some of the officers, we go to the Secretary of the Treasury, who is interested in both branches, and he decides the matter as nearly as possible for the best interests of both. If we should go into separate departments we could hardly expect the head of one department to so carefully consider the interests of the other.

The revenue cutters are required during the inclement season to cruise along the coast for the relief of distressed vessels, and they and the life-saving crews often work together in affording such relief. The functions of the two services in respect to the saving of life and property in case of marine disaster are very similar and are often exercised in conjunction, the wrecking property and paraphernalia, the means of each, and the professional skill employed in using them, supplementing each other. Such combination is oftentimes essential to success, as has been frequently illustrated, where neither of the two services could have effected rescues without the aid of the other, but their combined efforts have resulted in saving the crews of distressed vessels and sometimes the vessels also.

The revenue cutters are used very largely by us in transporting our apparatus, our boats, and our supplies along the coast. The cutters cruise along the coast, and whenever we have boats or material to be left at stations located in desolate regions where access by railroad is difficult they take whatever we want transported there on their next trip and leave it, thus saving much expense and delay.

The revenue-cutter officers are educated in gunnery and the use of wreck ordnance, such as is at the life-saving stations. They drill our crews largely and do important work in that way. Under the authority of an act approved February 26, 1889, there are two revenue-cutter officers in my office continually. I need their advice very often in regard to nautical supplies that we have to use at our stations, and to consult with them much in regard to nautical matters. They also relieve me much in connection with technical work with which the office force is not familiar.

The act of June 18, 1878, the act organizing the Life-Saving Service, requires that whenever a shipwreck occurs involving loss of life, the General Superintendent shall cause the circumstances of the disaster to be investigated, first, to see whether there has been any remissness on the part of any of the officers of the Government or any of the life-saving crew, and, secondly, to gain information which may be useful to mariners in avoiding similar disasters and to our crews in conducting wreck operations under similar circumstances. The detailed inspectors conduct these investigations, and are the only proper parties to do that kind of work, on account of their intimacy with vessels, the use of wrecking and life-saving apparatus, and all nautical matters. These investigations involve an inquiry into the conduct of our crews,

and the section referred to also authorizes investigation into "alleged incompetency or misconduct of any of the officers or employes of the Life-Saving Service." Thus, if the services are separated, we should have one department of the Government investigating the conduct of the officers and employes of another, whereas it would seem that the department to which the alleged offending officers or employes belonged should have sole jurisdiction and control in the premises.

By law (sec. 4, act of June 18, 1878, and sec. 4, act of May 4, 1882) every officer in the Life-Saving Service, except the General Superintendent, the Assistant General Superintendent, and the clerical force, is an inspector of customs. All the keepers of stations and the district superintendents are such, and they perform duties in that capacity whenever wrecks come ashore having dutiable goods on board. They take charge of these dutiable goods and see that they are properly handled pending the arrival of other customs officers.

Again, every keeper of a station, being an inspector of customs, is required to take charge of and protect all property saved from shipwreck, looking out for the interests of the Government with regard to such property as is dutiable, keeping an account thereof and forwarding to the collector of customs a manifest of such property as is shipped from place of stranding. As inspector he must also take all measures in his power to prevent smuggling, requiring a strict watch on the part of his patrolmen for the detection thereof, and he is required to seize smuggled merchandise, etc.

The Secretary of the Treasury is authorized by the acts of June 20, 1874, June 18, 1878, and May 4, 1882, to award life-saving medals, which medals are prepared by the Director of the Mint. The machinery by which the merits of applications are determined is located in the office of the Life-Saving Service, where the statistics of wrecks are collected and the evidence in behalf of rescuers is arranged for presentation to the committee on medals, which consists of the Solicitor of the Treasury, the Chief of the Revenue-Cutter Service, and the General Superintendent of the Life-Saving Service, and which, in turn, presents a brief of the same and its recommendation to the Secretary of the Treasury for final action. Under the terms of the act creating the Department of Commerce this duty would still remain with the Secretary of the Treasury, but the wreck statistics, which frequently operate as a check upon improper claims, would go to the Department of Commerce.

A separation of the two services would be extremely detrimental to the Life-Saving Service, and, I believe, also to the Revenue-Cutter Service, and I can see no advantage to be gained by the advocates of the Department of Commerce in insisting upon the inclusion of the Life-Saving Service. If such inclusion in the proposed new department is made, I think legislation reorganizing the Life-Saving Service will soon be found necessary.

The CHAIRMAN. Mr. Kimball, the hour of adjournment has arrived. If you have not finished, will you please submit in writing any additional statement you may wish to make?

MR. KIMBALL. I have said about all I wished to say.

(Thereupon, at 12 o'clock m., the committee adjourned.)

THE AMERICAN ANTI-TRUST LEAGUE,
Washington, D. C., April 7, 1902.

HON. W. P. HEPBURN (CHAIRMAN) AND MEMBERS OF THE COMMITTEE
ON INTERSTATE AND FOREIGN COMMERCE,
House of Representatives.

GENTLEMEN: We herewith submit for your consideration the proposed amendment to the bill creating a Department of Commerce and Labor, which we handed you this morning. We respectfully call your attention to the importance of having such a provision incorporated in the law establishing the new department.

The creation of an entirely new department of government to be known as the Department of Commerce and Labor, with a Cabinet officer at its head, is a grave and important act of the National Government, and merits far more serious attention than has thus far been given to it, either by the lawmakers or the people.

The bill as it passed the Senate makes the new department little more than a mere advertising bureau for the great American trusts.

As a matter of fact, by far the most important public reason for creating a Department of Commerce and Labor is the need of some branch of the Government to be devoted specifically to the duty of bringing some sort of order out of the anarchistic chaos which has for years prevailed in the commercial and industrial affairs of the United States.

To quote the weighty words of President Roosevelt in his annual message of last December:

In the interest of the public, the Government should have the right to inspect and examine the workings of the great corporations engaged in interstate business.

Artificial bodies such as corporations and joint stock or other associations, depending upon any statutory law for their existence or privileges, should be subject to proper governmental supervision, and full and accurate information as to their operations should be made public regularly at reasonable intervals.

The new Department of Commerce is unquestionably the proper branch of the Government to exercise this imperatively necessary supervision over corporations engaged in interstate or foreign commerce so strongly recommended above by President Roosevelt.

The Industrial Commission in its final report signed by every member, just issued, and after three years of investigation, strongly recommends the creation of a new department of the Government for the supervision of the corporations engaged in interstate commerce; and Vice-Chairman Phillips of the Industrial Commission, who was formerly chairman of the House Committee on Labor, and author of the Industrial Commission law, in his supplemental report of the Commission goes still further. He quotes an overwhelming mass of testimony proving the absolute necessity for Governmental supervision and inspection of these interstate-commerce corporations, and submits a draft of the exact provisions which should be incorporated in the law. These provisions have been indorsed by the national legislative committees of the Knights of Labor and the Antitrust League, representing the views of many hundreds of thousands of agriculturists, laborers, and legitimate business men, and have been submitted to the House Committee on Interstate and Foreign Commerce for incorporation as an amendment to the department of commerce bill now pending.

The new department will fail to accomplish the main object of its existence if this amendment is not incorporated in the law.

Respectfully submitted.

H. B. MARTIN,

National Secretary American Antitrust League.

HERMAN J. SCHULTEIS,

Chairman National Legislative Committee, Knights of Labor.

R. S. THARIN,

F. E. STEBBINS,

*Of Counsel for the Joint Committee of the
Antitrust League and Knights of Labor.*

PROPOSED AMENDMENT TO THE BILL CREATING A DEPARTMENT OF COMMERCE AND LABOR.

SECTION —. It shall further be the province and duty of said bureau to cause to be filed with this department upon the 1st day of July, annually, by all corporations or voluntary associations engaged in interstate or foreign commerce a report which shall in all cases include the following details:

1. Every corporation governed by the act shall make annual reports to an officer provided for in the act who is hereinafter designated as an auditor.

2. The report shall in all cases include—

(a) Capital authorized and issued; the amount paid up in cash or otherwise, with a statement of the method of payment where it is not in cash.

(b) Debts, including details as to the amount thereof, and the security given therefor, if any.

(c) Obligations due from officers should be separately stated.

(d) A statement of the method of valuing assets, whether at cost price, or by appraisal, or otherwise, and of the allowance made for depreciation.

(e) Gross earnings for the period covered by the report, all deductions necessary for interest, taxes, and expenses of all sorts, the surplus available for dividends, and dividends actually declared.

(f) Increase in assets since the last statement, with a showing in what way such increase has been secured.

(g) The names and addresses of stockholders, with the number of shares held by each at the date of the report.

(h) The amount of property taken for stock at any time previously and sold since the date of the last report, with all facts necessary to show the result of the transaction.

(i) A statement showing that the corporation in question has not, during the period covered by said report, received any rebates, drawbacks, special rates, or other discriminations, advantages, or preferences, by money payments or otherwise, from any railroad, pipe line, water carrier, or other transportation company. Or if any such have been received or given, stating when, from whom, on what account, and in what manner they were so received, with all other details necessary to a full understanding of the transaction or transactions.

(j) The names and addresses of all officers, location of transfer or registry officers, wherever located.

(k) A statement that the corporation has not fixed prices or done any other act with a view of restricting trade or driving any other competitor out of business.

(l) A statement of the proportion of goods going into interstate commerce.

3. The auditor shall prescribe the form of the reports and the matters to be covered thereby, in addition to those stated under No. 2, above. He may, in his discretion, require additional reports at any time when he may see fit on reasonable notice. But his determination shall be prima facie proof that the notice given is reasonable.

4. He may also require supplemental reports whenever, in his judgment, the report rendered is, in any particular or particulars, insufficient, evasive, or ambiguous.

5. In case of assets, small items of personal property included in a plant or organization may be described by the terms "sundries," or like general term. The auditor may prescribe rules so as to avoid undue detail in making lists, yet prevent the abuse of this provision.

6. No detail of the business of the corporation shall be considered private so as to be exempt from the examination of the auditor whenever he may demand report thereon.

7. The auditor shall make public in his reports, which shall be issued annually, all the information contained in the reports so made to him. When a report has been made, and, with all supplemental and additional reports required by the auditor, shall have been approved by him, the corporation making such reports shall publish them in some newspaper or newspapers, after the usual custom in such cases, with the auditor's minute of approval, and shall file with the auditor proof of such publication by the publisher's certificate.

8. If any corporation shall fail to make a report when required, either by the terms of this act or when required by the auditor, as hereinafter provided, said corporation shall be fined not less than ——— dollars for each offense. Every day of failure after a written demand has been made by the auditor shall constitute a separate and distinct offense. In case of failure, also, each of the directors of the said corporation shall be ineligible, for the year succeeding the next annual meeting, to hold either directorship or any other office in the said corporation. But any director shall be exempt from said penalty upon making a showing that he had individually made such report as he was able from the facts at his disposal.

9. If such report is false in any material respect, the corporation shall be fined not less than ——— dollars and not more than ——— dollars, and each false statement in any material matter shall constitute a separate offense.

As to examinations: 1. Expert accountants shall be provided for, to whom shall be paid a salary and necessary expenses. These shall be under the direction of the auditor and may be sent by him to make examination of any corporation.

2. Any of said examiners presenting his official credentials shall be furnished by the officers of the corporation every facility for complete examination, not only of the books, but of all the property, records, or papers of the corporation, which may be necessary in the judgment of the examiner, for a complete knowledge of the affairs of the concern.

3. Such examinations shall not be at fixed periods, but shall be at such times as the auditor shall fix and without notice.

4. Examiners shall have the power to examine under oath all officers or employees of a corporation, or any other persons having any knowledge of its affairs, and to send for, demand, and inspect books, papers, and any other matter of evidence whatever which is in the possession or control of the said corporation. The act shall provide for a process by attachment in some appropriate court to enforce the authority of the examiner.

5. The auditor shall likewise have all the authority of an examiner in any case wherein he chooses himself to act.

6. No examiner shall be assigned to examine any corporation who is himself interested in the business thereof, or of any competing concern, or who has relatives who are so interested.

7. Any blackmailing or receiving of bribes by any examiner or by the auditor shall be duly punished.

8. It shall be unlawful for an examiner to divulge private business, except by his report to the auditor. But such report, or the substance thereof, shall be open to public inspection.

9. Each examiner shall follow the rules, regulations, and directions which the auditor may from time to time lay down or communicate to him as to the methods of examination, the form of report, the matters to be covered by the said examination, and all other matters pertaining to his duties.

10. Said examination and reports shall also cover, among others, the following questions:

(a) Has the said corporation, during the period covered by the examination and report, received any rebates, drawbacks, special rates, or other discriminations, advantages, or preferences, by money payments or other, from any railroad, pipe line, water carrier, or other transportation company?

(b) If there have been such preferences, when they were received, from whom, on what account, and in what manner, giving all details necessary to a full understanding of the transactions.

(c) Is the said corporation a member of any combination having or intending to secure a monopoly of any commodity other than such monopolies as are legally granted by patent or otherwise?

(d) Has the said corporation any such monopoly, or does it use methods tending and intending to secure such monopoly?

(e) Has it made any contracts or agreements tending to secure any such monopoly

to itself or any other concern, whether owned by an individual or individuals, a corporation, or some combinations of individuals and corporations?

11. Said reports of examiners shall be *prima facie* true and may be introduced in evidence in all courts to prove the facts therein set forth. Copy certified by the auditor shall be admissible with like effect and under the same circumstances as the original.

12. Reports to be made to ———, and full authority to be given to enforce by appropriate provisions the foregoing requirements.

F. E. STEBBIN,
H. B. MARTIN,
Knights of Labor.

FRIDAY, *April 11, 1902.*

The committee met at 10.30 o'clock a. m., Hon. William P. Hepburn in the chair.

The CHAIRMAN. Mr. Randall, president of the Board of Trade of Baltimore, is here, and he intended to appear before the committee when we were hearing witnesses with regard to the bill providing for a Department of Commerce; but he was at that time in the West and not able to be here, and I will take the liberty of interrupting the present order this morning to give him five minutes to speak of what he has learned in the West with regard to the desire for the passage of that bill.

STATEMENT OF MR. BLANCHARD RANDALL, PRESIDENT OF THE BOARD OF TRADE OF BALTIMORE.

MR. RANDALL. Mr. Chairman and gentlemen, I thoroughly appreciate the privilege you give me, and I will go right to the point of my subject by saying that, as president-elect of the National Board of Trade, it was my duty, a few weeks ago, to go to the West and to make myself known, and also to make known certain reorganization schemes of the National Board of Trade, and I was in Chicago and Minneapolis and Kansas City and Omaha and Milwaukee, and visited several other of the principal Western cities and their constituent trade organizations. In those cities, as you know, there is more than one organization. I found, I may say in few words, a unanimous pleasure in thinking that the boards of trade of this country should be able to come together, to be gathered together under the ægis, as it were, of such a department as this new Department of Commerce and Industries.

As to what that Department should cover, and as to what subjects it should include, the ideas of your committee are certainly more formulated and complete than anything that I could put before you that I heard in the West; but I wanted to say, as a representative of the National Board of Trade and of the trade organizations of the country, that there can be no question but what this is popular, and not only popular, but that the trades leagues and the members of the same are most enthusiastic over the proposed change from present conditions. It is what we have been looking forward to for many years. You have had presented to you the history of the National Board of Trade, and a résumé of that subject, and what has passed in our boards of trade, by Chairman Wood, my colleague, in this matter a few weeks ago.

The object of my journey in the West was to gather the sentiment

of the members of these organizations, among other things, upon this proposed bill, and I found them most enthusiastically in favor of what is there embodied.

May I add that the National Board of Trade represents 30,000 business firms in this country? In the city of Philadelphia alone there are 6,000, and while we can not speak for all of them I think we may say that they are all in favor of this. I heard no discordant note, at least on this point, as yet.

TREASURY DEPARTMENT,
BUREAU OF NAVIGATION,
Washington, April 7, 1902.

HON. WILLIAM P. HEPBURN,
*Chairman Committee on Interstate and Foreign Commerce,
House of Representatives.*

SIR: With the consent of the honorable the Secretary of the Treasury, and at your verbal request, I transmit herewith a summary of suggestions made before your committee on April 5 concerning S. 569, an act to establish the Department of Commerce and Labor.

1. Tonnage tax on vessels is collected by collectors of customs. (Amount for last fiscal year, \$903,133.88.) The decision of questions relating to tonnage taxes, by act of July 5, 1884, devolves on the Commissioner of Navigation, proposed to be transferred to the Department of Commerce. The questions are technical, based often on methods of ship construction. Should the collection of this form of revenue be the duty of one department and the decision of questions involved in the collection be the duty of another department?

2. By the act of 1884, "The Commissioner of Navigation, under the direction of the Secretary of the Treasury, shall have general superintendence of the commercial marine and merchant seamen of the United States, so far as vessels and seamen are not, under existing laws, subject to the supervision of any other officer of the Government."

From the beginning of Government the Treasury Department has been charged with the administration of acts of Congress relating to merchant shipping. Merchant shipping is the means by which nearly all the foreign commerce and much of the domestic commerce of the United States is conducted. In this sense the Treasury Department has always been the Department of Commerce.

The Secretary of the Treasury, under the act cited, uses the Bureau of Navigation in the consideration of most matters relating to vessels and crews, as he uses the customs division in the consideration of most matters relating to their cargoes. Such matters are decided at Washington by the Secretary of the Treasury. His decisions are carried into effect by the collectors of customs, who are necessarily the Federal officers dealing directly with shipping.

Probably the most important question of administration involved in the bill is the future status of collectors of customs.

Whether the bill actually bestows on the Secretary of Commerce and Labor the powers relating to merchant shipping now vested in the Secretary of the Treasury will be considered later. Assuming the purpose of the bill to transfer those powers, the instructions of the Secretary of Commerce and Labor must be carried out by the collectors of customs.

Are collectors of customs to remain solely subordinates of the Secretary of the Treasury, or are they to become also subordinates of the Secretary of Commerce and Labor? Unless they are made specifically subordinates of the Secretary of Commerce and Labor, collectors of customs will decline to recognize instructions from that Secretary, as at present they would decline to recognize instructions from the State, War, Navy, or Agricultural Departments, as consuls and army and navy officers would decline to recognize instructions from the Treasury Department.

If the Secretary of Commerce and Labor can transmit his instructions relating to merchant shipping to collectors of customs only through the Secretary of the Treasury, obviously commerce will be delayed, as the concurrent action of two departments at Washington will be required where the action of one now suffices. Many of the matters of daily business coming before the Bureau of Navigation must be decided by telegraph or mail at once, or delay and expense to shipping will ensue. For manifest reasons, understood by your committee, it is difficult to secure the concurrent action of any two departments in different buildings at Washington in one day. Should the bill pass, it will be necessary to establish the office of the Secretary of Commerce and Labor in the Treasury building, for his duties will principally be Treasury duties, so far as shipping is concerned.

On the other hand, if the Secretary of Commerce and Labor is to have an equal authority with that of the Secretary of the Treasury over collectors of customs, then the latter will owe a divided allegiance, which will impair the efficiency of the present Treasury administration. The proposed new department, founded on such divided allegiance, will not begin operations under conditions most favorable to success.

These considerations are submitted not in opposition to the general project to establish a new department of the Government, to be called the Department of Commerce or by some other appropriate name. They are suggestions applicable to the pending bill, based on the actual workings of the Bureau of Navigation under the direction of the Secretary of the Treasury in its relations with collectors of customs. Specific instances of the workings of different statutes can be furnished, if necessary. A copy of the navigation laws (edition of 1899) is attached to show the scope and variety of these statutes.

Foreign commerce, except so far as railway connections with Canada and Mexico are concerned, involve three factors—the cargo, the ship, and the crew. The three are practically inseparable. Matters relating to the three can be disposed of with dispatch when assigned to bureaus and divisions in one building, under one executive head. If the three factors are divided between two heads of departments in different buildings, delay and possible disagreement seem inevitable.

The administrative difficulties suggested are probably greater than those which would be involved if it were proposed to transfer to the Department of Commerce and Labor control of all the work on river and harbor improvements now performed under the direction of army officers, pursuant to appropriations of Congress. Certainly in theory, and to a great extent in fact, the most important work performed by the Government to “foster, promote, and develop the foreign and domestic commerce” is done under these appropriations. The proposition to put a large body of army engineers under any other authority

than that of the Secretary of War would probably not be seriously considered by your committee. Is the proposition to put collectors of customs under any other authority than that of the Secretary of the Treasury essentially different?

Respectfully,

EUGENE T. CHAMBERLAIN,
Commissioner.

ARE CERTAIN POWERS AND DUTIES OF THE SECRETARY OF THE TREASURY TRANSFERRED TO THE SECRETARY OF COMMERCE AND LABOR?

Congress has passed laws for the regulation of commerce, shipping, etc., and has specifically intrusted to the Secretary of the Treasury the execution of many of those acts. Among such statutes are the following titles of the Revised Statutes:

XLVIII. Regulation of Commerce and Navigation.

XLIV. Regulation of Vessels in Foreign Commerce.

L. Regulation of Vessels in Domestic Commerce.

LII. Regulation of Steam Vessels.

LIII. Merchant Seamen.

LVIII. Public Health (Quarantine).

LXVIII. Remission of Fines, Penalties, and Forfeitures.

Later acts amending these titles or independent of them, but referring to kindred subjects, might be cited.

Is it the purpose of Congress to bestow upon the proposed Secretary of Commerce and Labor the powers hitherto assigned by law to the Secretary of the Treasury to regulate commerce, etc.? In section 3 the bill provides that it shall be the province and duty of said Department (of Commerce and Labor) "to foster, promote, and develop the foreign and domestic commerce, * * * shipping and fishing industries, the labor interests, and transportation facilities of the United States." The bill transfers to the proposed new department the subordinate officers and clerks who usually prepare for signature by the Secretary of the Treasury letters and telegrams involving the exercise of powers specifically bestowed upon him relating to foreign and domestic commerce, shipping, seamen, immigration, and other subjects. It would be inferred from this fact that a transfer of the powers of the Secretary of the Treasury to the new Department is contemplated. The only specific transfer of such powers mentioned in the bill, however, is in section 6, by which the jurisdiction, supervision, and control now possessed and exercised by the Department of the Treasury over Chinese immigration and over the fur seal, salmon, and other fisheries in Alaska are vested in the Department of Commerce and Labor.

Section 9 of the bill transfers to the Secretary of Commerce and Labor from the Secretary of the Treasury power and authority over the Treasury bureaus and divisions proposed to be incorporated in the new department. This is merely a transfer of clerks from one department to another and does not alter the powers vested by Congress in the Secretary of the Treasury or bestow them on the Secretary of Commerce and Labor.

Section 9 further provides that any business arising from or pertaining to any of these Treasury bureaus or divisions, whether of an appellate or revisory character or otherwise, shall hereafter be vested in

and exercised by the head of the said Department of Commerce and Labor.

Business seldom "arises from" Treasury bureaus or divisions. It arises outside in the action of private parties at the seaboard, passing, as a rule, in the first instance through the custom-houses, where the Government comes into most frequent contact with commerce. When such business reaches the Treasury Department it frequently does not "pertain," in any legal sense, to a bureau or division. It pertains to the Secretary of the Treasury, who alone has the lawful authority finally to determine questions involved in such business. Because he can not in person do all the work he assigns it to subordinates at the heads of bureaus, divisions, etc., who prepare and submit to him for his action letters, telegrams, circulars, etc.

The bill should state specifically just what of the powers now vested in the Secretary of the Treasury are to be vested in the Secretary of Commerce and Labor.

THE POWER OF CONGRESS—INSURANCE IN ITS RELATION TO COMMERCE.

This argument, which is apart and has no bearing on Senate bill No. 569, or the amendment to that bill submitted by Hon. Charlton T. Lewis, solely conforms to a request of the honorable chairman, and appertains to the inquiries propounded by members of the House Committee on Interstate and Foreign Commerce, as to the constitutional power of Congress to enact a law for the regulation of all insurance corporations transacting business beyond the border of the States in which they are domiciled or incorporated.

The exposition of this subject, and the peculiar position which insurance still occupies because of the Supreme Court decisions "that issuing a policy of insurance was not a transaction of commerce" (*Paul v. Virginia*, 8 Wallace, pp. 1-80, reaffirmed in *Hooper v. California*, 155 U. S., 655) has been already clearly portrayed in the pamphlet presented to your committee at the hearing entitled "The commerce clause in the Constitution."

Therefore only submit—

That despite these decisions of the Supreme Court in the cases above cited prominent interpreters of the Constitution have and do contend that no clause in the Constitution is repugnant to the power of Congress to regulate insurance whenever it shall decide to exercise that power.

That it is the expressed opinion of many authorities on constitutional law that the conclusion of the Supreme Court in the above-cited cases would have been quite different had Congress legislated on insurance.

That the Supreme Court was only construing existing conditions.

That the Supreme Court never goes outside a case to raise a presumption and declare a law upon the suppositious powers of Congress.

That the Supreme Court is not presumed to cast its rulings in advance and in *terrorem* over Congress.

That on the contrary the Supreme Court has seldom if ever hesitated to sustain Congress when it has declared anything as a factor or instrumentality of commerce. Therefore also the opinion that insurance can not become a recognized "instrumentality" or "transaction of commerce" or of "interstate commerce" until Congress legislates

thereon, just as wheat, cotton, telegraph messages, navigation, etc., only became subjects of interstate commerce by taking on an attribute conferred by Congressional legislation—that is, in its movement toward another State or foreign country.

We now pay tribute to the broad-minded interpreters of the Constitution, upon which rests the genius of many of our living and departed jurists and statesmen—to the far-seeing vision of Daniel Webster, who in one of his arguments before the Supreme Court declared “that the Constitution must be read and interpreted in the light of advancing years.”

Justice Taney, once severely criticised, is now commended for his opinion “that the Constitution must be interpreted by the light of conditions existing when it was adopted.”

The great jurist, Black (Constitutional Law, p. 70), held that “its terms are broad enough to permit the authority and its exercise to keep pace with its progress and development, not only of commercial, but also of the means employed in that intercourse.”

Judge Cooley (Constitutional Law, p. 69) states that “it is competent for Congress to extend regulations to the most minute particulars.”

James Bryce (in his great work, the American Commonwealth) clearly shows—

that the Constitution has grown by judicial interpretation, by legislation, and by usage of tacit understanding; that the Constitution was a condensed statement of general principles in which, very fortunately, much was left to interpretation and construction in practice; that the judicial functions of the Supreme Court of the United States are only truly exercised when they construe the law of the Constitution in so far as the license of judicial construction will allow in accordance with the growing requirements of the nation.

Many other modern prominent text writers of the Constitution assert—

That it (the Constitution) has the power of growth, and that even its written provisions expand; that the organic law of this sovereign nation can and must be construed so as to enable it to meet all the contingencies incident to its sovereignty, even though they were not dreamed of by the men who framed the document.

It is also a significant fact that in more recent years the Supreme Court has repeatedly stated that—

The powers of Congress to regulate commerce with foreign nations and among the several States * * * is not confined to the instrumentalities of commerce * * * in use when the Constitution was adopted, but they keep pace with the progress of the country and adapt themselves to the new requirements of the nation.

Writers of text-books furnish ample evidence that many of these learned judges of constitutional law were mindful of the undeveloped instrumentalities of commerce when the Constitution was adopted, so that their interpretation of the provisions of the commerce clause should not hamper the energies of a new era. Thus Chief Justice Marshall widened the definition of commerce by declaring “that while commerce is undoubtedly traffic, yet it is something more—it is intercourse; it describes the commercial intercourse between nations and parts of nations in all its branches.” (Gibbon v. Ogden, 9 Wheat., 1.)

Justice Johnson, with the approval of the court, even carried this definition to wider and broader effect. Says he:

Commerce, in its simplest signification, means an exchange of goods, but in the advancement of society, labor, transportation, intelligence, care, and the various mediums of exchange become “commodities” and enter into commerce.

Other authorities, herewith noted, illustrate that the term "commerce," as used in the Constitution, can therefore be construed to have a significance wide enough to include interstate insurance whenever Congress shall so legislate.

Even in construing the terms of a statute courts must take notice of the history of legislation, and out of the different possible constructions select and apply the one that best comports with the genius of our institutions, and is therefore most likely to have been the construction intended by the law-making power. (*Texas and Pacific R. R. Co. v. Interstate Commerce Commission*, 162 U. S., 197, 218.)

As they were intrusted to the General Government for the use of the nation, it is not only the right, but the duty, of Congress to see to it that intercourse among the States and the transmission of intelligence are not obstructed or unnecessarily incumbered by State legislation. (*Pensacola Tel. Co. v. Western Union Tel. Co.*, 96 U. S., 1.)

If the particular subject to which the power is to be directed is national in its character, or is such that it can be properly regulated only by a uniform system, inasmuch that varying regulations by the different States would cause inconvenience or detriment, it is not competent for the States to legislate; and if Congress does not act its silence is to be taken as an evidence of its will that the subject shall be free from all regulations or restrictions. (*Bowman v. Chicago and Northwestern R. R. Co.*, 125 U. S., 465; *Gloucester Ferry Co. v. Pennsylvania*, 114 U. S., 196.)

That such has been the uniform course of this court in regard to statutes passed by Congress will readily appeal to anyone who will consider the vast amount of argument presented to us assailing such statutes as unconstitutional, and will count, as he may do on his fingers, the instances in which this court has declared an act of Congress void for want of constitutional power. (*Justice Millar in U. S. v. Steffens*, 100 U. S., 182.)

J. B. Parkinson, professor of constitutional and international law and vice-president of University of Wisconsin:

I am inclined to think Congress has the power to establish a bureau of insurance and to regulate insurance matters so far as they are interstate or international, but not so far as they are confined wholly within a State. Such a bureau might have general supervisory powers.

The very language of Justice Field in *Paul v. Virginia*:

"That the policies do not take effect until delivered by the agent in Virginia," portrayed the limitations of the business and the methods of insurance at that period. But by the phenomenal growth of insurance, especially during the past decade, this narrow construction now all the more directs attention to its changed relations—to the manner in which, since that time, insurance has overshadowed every other business in magnitude. Indeed, no other business has played such a prominent part in making possible the recent great commercial development. Insurance has assumed such colossal proportions, such national growth, that its contracts of indemnity are now closely interwoven with nearly if not all of the "instrumentalities" of traffic or "interchange of goods or property."

Over 16,000,000 people of this country are policy holders in life-insurance companies and associations, and nearly 2,000,000 hold benefit certificates in the fraternal orders conducting life-insurance features. Of this total of 18,000,000 policies over 10,000,000 have been issued by the industrial life-insurance companies and are now held by the toilers in the nation's workshop for the protection of their families. And these 18,000,000 policies represent an aggregate of over \$11,000,000,000 in outstanding life insurance. The amount of risks annually written and carried by the fire-insurance institutions for the protection of property and industries in the United States amounts to over \$16,000,000,000.

Surely if Congress has exercised its right to charter insurance companies (the National Life Insurance Company of the United States was chartered by special act of Congress in 1868) it should also exercise its right to regulate them.

In Great Britain the regulation of insurance is in the hands of the board of trade; in France, under the minister of commerce; in Prussia, under the minister of the interior. These three leading powers of Europe have long ago placed insurance in their departments of trade and commerce and adopted laws of regulation. American insurance companies doing business in these and other foreign countries are placed under much respective governmental regulations.

Is it not, therefore, all the more essential that any and all of these insurance corporations of the United States transacting interstate, and some also international, business should also be subjected to the regulation of the United States Government?

Whatever contributes to "promote the general welfare" is in the interest of the nation. Therefore Congress can and should exercise the power conferred upon it by the Constitution, and enact a law for Federal regulation of all corporations engaged in interstate insurance.

Respectfully submitted.

MAX COHEN, *Editor Views.*

WASHINGTON, D. C., April 9, 1902.

AN INSURANCE BUREAU IN THE DEPARTMENT OF COMMERCE.

A careful consideration of the question of including insurance within the proposed new Department of Commerce will undoubtedly lead to the conclusion that a business which has reached such magnitude, and which in recent years has also assumed such great international proportions, is justly entitled to the concern and recognition of the Federal Government.

No argument is necessary to prove the phenomenal growth of insurance in recent years. How, step by step, in the development of our civilization and in the creation of new subjects of commercial intercourse, it has become the indispensable handmaid and one of the strongest "instrumentalities" in the nation's commercial life and growth; a most essential factor in the preservation of credit, rehabilitation of property and commercial industries. For its hold on the people of this nation is not founded on an empty ideal. It is made the anchor of provident people who bravely face the disabilities of the future—disease and death; also provisions for old age, competency for dependents, destruction of property, etc.

Subjecting the amendment to Senate bill No. 569 (submitted by Hon. Charlton T. Lewis, of New York, to the House Committee on Interstate and Foreign Commerce) to the most critical examination, it will be found to be of conservative scope and clearly within the power of Congress to enact. It is in line with the recommendations in the message of the Chief Executive, that "the first essential in determining how to deal with the great industrial corporations is knowledge of the facts—publicity." It but reaffirms that Congress is fully alive to the basic principle of legislation—to foster and develop the nation's commerce, industries, and laboring interests. This has indeed become the great policy of the nation, backed by the overwhelming sentiment of the country; and in establishing such a bureau of insurance to collate and give useful and educational information, which will also become a great factor in protecting the people from imposition and fraud, it

thereby materially enhances the purity and popularity of American insurance.

It will be conceded that the superior method of information which can and will be secured by such an insurance branch of this Department of Commerce will familiarize the public with insurance corporations; will enlighten it as to their financial conditions; its collated material can and will portray their merits and demerits, and thus also stimulate increased public recognition of insurance institutions possessing superior qualities. It will direct attention to institutions that have opened the doors and windows of their business methods, and have made liberal provisions for their policy holders. It will also be the means of giving warning to the public of concerns that prey under the guise of legitimate and fraternal institutions.

It will familiarize the public with the elementary facts in the business of insurance; will exercise a most beneficial tendency in not confounding the good with the bad, the reliable with the unreliable. It will eliminate mistaken prejudice, which has often shaped the application of hostile laws to insurance corporations in some States.

It will disseminate the knowledge that questionable indemnity is generally the result of questionable premium rates; that any State law hostile to the admission and retention of reputable insurance corporations is inimical to its citizens, and that a lack of sound and reliable insurance imperils credit and property interests.

Such a bureau of insurance can therefore become a most effective instrument in safeguarding the many millions of policy holders and their beneficiaries, and thus most essentially promote the public welfare.

Respectfully submitted.

MAX COHEN, *Editor of Views.*

APRIL 7, 1902.

THE MUTUAL LIFE INSURANCE
COMPANY OF NEW YORK,
New York, April 18, 1902.

Hon. W. P. HEPBURN,
Washington, D. C.

DEAR SIR: I inclose you statements of insurance business. These figures are partial only. They are complete as far as they go, but they do not include statistics of mutual companies to any large extent, and none of the concerns through which the public are liable to lose. There is, say, 10 per cent in matter of assets not represented in these statements.

Yours, truly,

W. F. THUMMEL.

STATISTICS FROM REPORT OF INSURANCE COMMISSIONER OF CONNECTICUT, THE ONLY ONE
YET ISSUED FOR YEAR 1901.

The following figures represent the grand totals for all of the 30 companies doing life insurance business in Connecticut:

Premium receipts in 1901	\$337, 911, 766. 30
Total income in 1901	\$425, 083, 858. 44
Death claims paid in 1901	\$106, 253, 264. 43
Assets December 31, 1901	\$1, 858, 241, 350. 74
Number of policies in force	14, 803, 107
Amount of insurance in force	\$8, 747, 226, 743. 00

The following figures, from the same report, relate to the total business of the accident, casualty, fidelity, surety, and miscellaneous insurance companies doing business in Connecticut:

Assets	\$50, 135, 826. 34
Income in 1901	30, 402, 353. 75
Amount at risk	5, 164, 309, 834. 77

There are only one or two companies doing life insurance business on the assessment plan in Connecticut, and these are included among the miscellaneous companies in the foregoing statement. There is an immense amount of precarious life insurance transacted by such concerns throughout the country, of which probably only a minority make reports to any one State. Only a national bureau could collect such statistics on any uniform basis.

The following figures represent grand totals of 85 domestic (United States) fire and marine insurance companies as of date December 31, 1901:

Capital	\$48, 002, 875
Assets	225, 221, 923
Liabilities	154, 879, 769

Thirty fire and marine companies of foreign countries doing business in the United States:

Deposit capital	\$6, 137, 000
Assets	67, 944, 611
Liabilities	46, 279, 735

Grand total of above items and including mutual companies not given above:

Capital	\$55, 125, 015
Assets	279, 428, 755
Liabilities	202, 863, 802

These companies transacted business in the United States during the year 1901 as follows:

Premiums collected	\$148, 917, 206
Total incomes	175, 261, 787
Losses paid	91, 280, 379
Dividends paid by United States companies	6, 204, 566
Funds remitted by foreign companies to their home offices, 1901	4, 055, 807
Risks written, 1901	19, 534, 670, 306
Risks in force December 31, 1901	22, 507, 245, 944

There are a number of domestic companies doing business in parts of the United States and foreign companies doing business in Pacific States of which no account is taken in above figures, and no account of a majority of the mutual companies is taken in above figures, because they are not available at this time.

No figures of companies of doubtful or suspected virtue, commonly known as wild-cats, are included above. These are not obtainable at any time, as the chief concern of those who promote them is to escape publicity. Their methods are akin to those of the gold-brick and green-goods men, so far as the public is concerned, and like unto those of the smuggler or moonshiner in their relations to government.

NEW YORK, April 1, 1902.

Hon. WILLIAM P. HEPBURN,

*Chairman Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D. C.*

SIR: I had hoped to be present with my friends of the National Association of Manufacturers to urge upon your committee the great importance and practical value of the proposed new Department of Commerce. Business engagements prevented this, so that, as the subject is one that interests me greatly, I beg that you and your associates will do me the honor to give this brief letter your earnest attention.

You are familiar with the customary arguments which have been

advanced in favor of this departure. Precedents have been drawn from the experience of foreign countries. Similar departments found to be of value abroad need not necessarily form the basis of a new department of our own Government, but they have unquestionably proved the certain value of measures similar to the one proposed; and if commercial and industrial conditions abroad have been such as to demand that a new work be done under governmental encouragement, and if experience has proved that results have been in every way satisfactory, it seems to me to go without saying that similar demands, if made for a nation growing faster commercially and industrially than any other, would not only fill a still greater need of such work, but be a still better promise of its success. If these older countries have been acting under the paternal idea, we certainly do not need to. We can profit by their experience all the more by avoiding any of their excesses of error.

You are also familiar with the irregular and congested condition of work in the various bureaus of our Government which it is proposed to consolidate into one logical, businesslike whole in the new department. These separate bureaus have done well; but their work has had no particular relation to the commercial and industrial needs of the nation in its entirety. Still less will they be able to respond to the demands of a country which has expanded and is destined still further to expand beyond all precedent. Every dictate of good business and good common sense seems to me to require that this consolidation of separate bureaus should be made. The whole tendency of business is that way. Why should not the tendency of Government business be that way? Not only would it follow, as in the case of the ordinary business proposition, that a number of sections and branches of one central work could be done better if that work could be developed with reference to the broader plans of the department, of its secretary, and of the whole Government, but this work would be done year after year with an increasing proportion of economy.

It is true that a small appropriation is required to establish the new Cabinet office and to fill it with a dozen clerks. As to the continuing expenditure of the various bureaus constituting the Department, they ought, and doubtless would, turn out to be less and less, relatively to the volume of business transacted, as time went by. In other words, while the conduct of these separate bureaus could hardly be called extravagant at this time, it would be in danger of becoming more and more expensive if continued independently; whereas if the different bureaus were operated in reference to a single coherent plan the expenditures involved would decrease proportionately and a greater and great efficiency would be obtained. An increased efficiency of 25 per cent under this new order of things would not be too much to expect. If an increased efficiency of only 10 per cent were involved that surely would be worth providing for and striving for.

I would argue as strongly as possible, therefore, in behalf of the new Department on the score of economy. The necessary appropriation would not be greater, but, on the contrary, could be made less—not absolutely less after the lapse of ten or twenty years—but much less relatively, considering what the gross expenditure would undoubtedly become under the present system or lack of it. The proposed Department would prevent confusion and the dissipation of energy and public money. It would follow logically the establishment of the

Department of Agriculture. It would help us—farmers, manufacturers, and all—to meet the world-wide competition (in factory output and farm products), upon which we may be counted never to turn our backs. We have won victories in war, and you are right in giving our hundreds of millions to the Army and the Navy. I am sure that we are winning the victories of commerce no less gloriously. But our commercial and industrial leaders and our millions of artisans want encouragement in this fierce campaign of peace, and they want it the more because their plan involves only an expenditure of perhaps \$50,000 annually.

But it seems to me that a far stronger argument than any other is that the position of this country is now so different, commercially and industrially, from that of any other. We need to have a certain understanding of our commercial and industrial possibilities and responsibilities such as we never required before. We need a new department and a new secretary to deal with the problems of commerce and industry with a view to making it as nearly certain as possible that our people as a nation, and our business men as individuals, may make the utmost possible use of their unique position. Our banking and financial systems, thanks to the improvement of our financial laws and of the wise direction of our financial and banking affairs by successive Secretaries of the Treasury and Comptrollers of the Currency, have become scientific in their accurate knowledge of conditions and valuable beyond all computation for the advice and regulation which they have repeatedly given in order to prevent financial panics or depressions.

Our commercial and industrial situation, however, is entirely new. Our commercial and industrial enterprises have no such means of securing, with the aid of the Government, any such valuable advice and regulation. But our situation in this regard may be made the subject of investigation and knowledge equally scientific, and the results to our great American world of commerce and industry could be made even more valuable. Immense private concerns know so much to-day about crop prospects, scales of prices for manufactured products, etc., the world over that they have been, even in their limited and personal way, an important factor in preventing commercial and industrial irregularities. How much more good could a Government department, under the direction of one of our ablest executives and students of business affairs, contribute to the stability and regulation of our industrial situation. If a great conservative, patriotic, central financial power has been able to prevent financial panics and depressions, such a great commercial and industrial influence might in time help to do away with all panics, and possibly with all industrial depressions.

Two important facts, which business men have already thought much about, at once afford the reason and the proof that this is so. Our export trade is wonderful beyond all precedent because it is the natural application of a natural law that business people will seek new markets. Our combination of capital, under what has been called the community of interest idea, has also been unparalleled because of another natural business law, namely, that business people will seek measures of administration more and more economical and efficient. Our export trade steadies the business of the country just as the export part, no matter how small compared to the aggregate, steadies the gen-

eral business of a single concern. All this must expand still further because it can not stand still. Similarly, our combinations of capital, now in some instances world wide in their scope, also contribute a great steadying influence upon general commerce and industry as well as finance. These two circumstances make it almost imperative, as it seems to me, that our Government, having now in its various scattered bureaus most of the materials already at hand, should consolidate and extend this work so that it shall be not merely economical and efficient in its larger undertakings and accomplishments, but as scientific and philosophical as any development of finance and banking ever was.

There is another argument in favor of the new Department, which also I have overlooked in the public prints, which again makes it almost imperative that these business matters, which seem so clear and simple to most business people, should be gathered up and consolidated and expanded according to the most approved methods into their most widely useful lines. Porto Rico, Hawaii, and the Philippines are ours. We are practically responsible for the welfare of Cuba. The Senate now has its committees on Pacific Islands and Porto Rico and on the Philippines and the House its Committee on Insular Affairs. Here is wise recognition of the added responsibilities that are upon us. The State, War, and Navy Departments and the Treasury and Interior Departments have more or less to do with these problems, but the proposed new Department of Commerce would have more to do with them in time, at all events, than any other, perhaps than all others put together. To develop these possessions, to show the way of progress and civilization, is after all largely a matter of business. It is the work of the steamship line, the railroad man, the import and export merchant, the banker, and the manufacturer as much as it is the labor of the missionary and the school-teacher.

We had not long ago the best possible evidence that the new department (which might almost be called the department of business) is called for even now. For months the question of reciprocity had been a leading business issue, and it is likely to become a political issue unless, unfortunately, another discussion of our protective tariff should be undertaken. The National Association of Manufacturers, always a leader in the agitation for the new department, had seen this, and in order to formulate the best expression of opinion on the part of American manufacturers as to a proper course of action, invited some 240 other American trade bodies to join it in holding a general convention at Washington. These men, all manufacturers, all hard-headed and practical, all capable of speaking as experts, finally resolved that the most urgent need of the American business world to-day was the new Department of Commerce, which, by means of a bureau of reciprocity, should go into all the facts scientifically and thoroughly, and hence should be able to recommend, officially and with the weight of authority, either that certain tariff inequalities (considering the best interests of the largest number of people) should be done away with by legislation or that the same results should be brought about by the negotiation of trade treaties.

I can imagine how a new department charged with the duty of knowing the real condition of our mining industry, in reference to the world as well as to our country, might not only help us better to understand where our coal could be sold and where our iron and copper could be manufactured, but might also in time help to eliminate the money

question from politics. Such a new department with its comprehensive knowledge of trade condition would similarly be the best possible resort for inquirers in Congress or among our people who desired to know the facts about the tariff, and so in time certain phases of the tariff issue might be eliminated from politics; or, at all events, with a larger and more authoritative collection of facts at hand, the popular impulse would be less likely to revise the tariff generally or violently. Such a department, knowing about mines, manufactures, and trade, would know about money and tariff, not as theorists or doctrinaires, but as the practical man of affairs—the merchant, the banker, or the manufacturer—would know about them.

We probably employ in our mills, factories, and workshops 6,000,000 men, who receive annually in wages nearly \$4,000,000,000. Our annual output of manufactured goods rose from \$9,000,000,000 worth in 1890 to \$15,000,000,000 worth in 1900. Our value of exports annually is now above \$2,000,000,000. We are the greatest exporting country in the world, and our growth of export trade is faster, proportionately, than that of any other country. These splendid results have been obtained by the unaided but irrepressible impelling force of American ingenuity, enterprise, and pluck, and this is the best possible evidence that greater results could be obtained under the wise guidance of a new department specifically devoted to these things, and also that some such supervision, involving encouragement here and caution there, may be absolutely necessary if there is not to be a halting, possibly accompanied by severe reverses, in the onward march of this magnificent industrial army.

I would strongly urge that the present Department of Labor be not consolidated with the new department, but left independent as now, partly because of the excellent work that it is doing along approved lines and partly because if it should seem wise in the near future to elevate this commissionership into the dignity of a Cabinet office the work now going on could be developed all the better. Questions affecting labor seem to me apart from those which it is proposed to have the new Department of Commerce deal with. The labor question is large enough, especially in view of its growing importance, to deserve the sole attention of a Cabinet officer, and that object can be the more easily brought about at the right time if this Bureau is kept separate. Moreover, the tasks before the new Secretary of Commerce would be sufficient for years to come to engage all of the attention of any one of our ablest business men.

Respectfully, yours,

CHAS. A. SOHIEREN.

RESOLUTIONS ADOPTED BY THE TRANS-MISSISSIPPI COMMERCIAL CONGRESS AT THE TWELFTH ANNUAL SESSION, HELD AT CRIPPLE CREEK, JULY, 1901, FAVORING A DEPARTMENT OF COMMERCE.

Whereas the increase in the business of the Government since the establishment of its various departments has been so great as to overburden them to such an extent as to demand relief; and

Whereas our commerce, originally confined to few markets, has now become world wide and is rapidly increasing in volume; and

Whereas, in this age of severe competition, every facility should be afforded our merchants and manufacturers for extending their trade, upon which the prosperity of the country largely depends: Therefore,

Resolved, That we again urge upon the United States Congress to speedily provide for the establishment of a new department, to be known as the department of commerce, with representation in the Cabinet, in order that the great commercial interests of the people shall have the benefit of governmental attention and cooperation.

NEW ENGLAND SHOE AND LEATHER ASSOCIATION,
Boston, Mass., March 10, 1902.

Hon. W. P. HEPBURN, M. C.,
Washington, D. C.

DEAR SIR: At a meeting of the board of directors of the New England Shoe and Leather Association held on Wednesday, March 5, the following resolutions were unanimously adopted:

Resolved, That the New England Shoe and Leather Association is heartily in favor of the establishment of a department of commerce and industries by our National Government and earnestly hopes that favorable action will be taken during the present session of Congress. Such a department would, in our opinion, prove of inestimable value in the promotion, protection, and regulation of our industrial affairs and our domestic and foreign trade.

Resolved, That we urge upon our Senators and Representatives in Congress the importance of the prompt passage of the bills now before them providing for the creation of a department of commerce and industries (Senate bill 569 and H. R. bill 95) with as little amendment as possible.

Resolved, That the secretary of our association be instructed to forward copies of these resolutions to members of Congress from New England, and to members of the Committee of the House of Representatives on Interstate and Foreign Commerce.

Attest.

GEO. C. HOUGHTON, *Secretary.*

NATIONAL BOARD OF TRADE,
Philadelphia, March 29, 1902.

The COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D. C.

GENTLEMEN: Acting on your courteous permission to file statements before the committee, I wish to submit to you the following from the National Board of Trade.

This is a federated association, composed of commercial bodies from all parts of the country, which, during the time through which the Department of Commerce has been under discussion, have been representative of a membership of 30,000 or 40,000 business firms or individual members.

In the winter of 1868-69 this association was formed, and at the same time began a course of active endeavor for the creation of a National Department of Commerce.

In 1873 a learned and convincing argument was published by the late Hon. Frederick Fraley, president of our body, advocating the creation of this Department.

In 1875 our transactions show the following resolution:

It is expedient that the National Board of Trade should continue to use all its influence for the establishing of a National Department of Commerce.

In 1882 this resolution appears:

That the board does hereby reaffirm its conviction that there should be a ministry of commerce, as a branch of the Executive Government, to which should be intrusted the supervision of the various commercial interests of the country, including transportation by land and water.

In 1883 this resolution was reaffirmed, with the statement that "the lapse of time has but strengthened the necessity for its establishment."

In 1884 a bill was drafted by our president, Mr. Fraley, and introduced into the House as H. R. 3036 by the Hon. R. W. Dunham. This bill failed of passage, as we believe, because of pressure for creation of the Department of Agriculture.

In 1888 the matter was brought up again before our board and passed as a resolution "that a Department of Commerce should be organized to exercise supervision over the general commercial interests of the country, including transportation by land and water." Since that time other bodies, as well as this board of trade, have been actively urging the establishment of this national department.

At the time of the last national convention in Philadelphia the secretary of the National Board of Trade, at the instance of the local Philadelphia Board of Trade, through the agency of the Hon. H. H. Bingham, secured the insertion of a plank in the national platform advocating the establishment of this department. During all this time no word of opposition to the department has been heard in the debates of our body, or has reached the cognizance of its officers, nor, except from Washington, have we heard any criticism of this bill.

The bill now before your committee originated in the collaboration of our late chairman, Hon. Alden Speare, of Boston, with Senator W. P. Frye, and was remodeled by Senator Nelson, after consultation with the best commercial minds.

It does not lie, as it seems to us, in our body to press with undue persistence any particulars in a bill of this character, as gentlemen of your committee and other members of Congress must necessarily be much better acquainted, from experience and opportunities of observation, with the working details of government. With this reservation we offer as suggestions merely the following thoughts: That the Treasury and Interior Departments are crowded with clerical work quite beyond the capacity of any one individual's power of supervision, and that what are known as the "unrelated bureaus" are in a false position as connected with the Executive, inasmuch as they have no representation at Cabinet meetings.

There should be no apprehension that any nominee of the President, when confirmed by the Senate, will be a man of such want of capacity as to create needless friction with these long-established bureaus, among the heads of which the President may even, in regard to this new department, seek for its incumbent.

That the Patent Office and the Coast Survey should have been omitted from the bill as sent down from the Senate seems to us unfortunate, as a large part of the most money-making business of the country depends upon the Patent Office for its revenues, and inasmuch as the Coast Survey is so closely related with geological matters and, together with them, might be made to cover the work of a bureau of mining.

To the individual writer it seems a fortunate thing that the Labor Bureau has been retained in the bill, and that its name should have

been added to the word "commerce" in the title of the department, his thought being that as the materials of commerce are but the crystallized products of labor there is a correlation of interest, as to which question arising could be best handled by one whose sympathies were equally engaged on behalf of the employer and of the employed. It will not have escaped your thoughts that the struggles of past history show that the progress of human affairs have been along the geographical lines marked out by the routes of trade, and we rely upon the gentlemen of your committee to see that this nation is not hampered in the peaceful warfare of the future by any lack of such essential facilities as are provided by this bill and possessed by competitive nations.

Very truly and respectfully,

EDWARD R. WOOD,
*Chairman of Committee of National Board of
Trade on Department of Commerce.*

WASHINGTON, D. C., April 8, 1902.

Hon. W. P. HEPBURN,

Chairman Committee on Interstate and Foreign Commerce.

DEAR SIR: Respecting the bill (S. 569) entitled "An act to establish the Department of Commerce and Labor," now under consideration by your honorable committee: Having been actively engaged in the insurance business for nearly thirty years, and realizing the great dependence of commerce and labor upon insurance, and the desirability, from all points of view, of elevating the standard of that profession by subjecting all insurance companies to the best attainable supervision, and providing for the publication of such statistics relating to their operations as will disclose their methods of business as well as their financial standing and reliability, it seems fitting that a provision be incorporated into this bill for a Department of Insurance, through which insurance statistics may be collected, compiled, and published, and providing for such supervision as may seem fitting and desirable, not inconsistent with the organic law.

In this, as I am informed and believe, I voice the wishes of all sound and reputable insurance companies, notably the Home Insurance Company of New York, the Insurance Company of North America, and a number of other leading insurance companies with which I have been connected for many years. Insurance may be local, interstate, or national in its application, as evidenced by the policies issued by the Home Insurance Company of New York, insuring against loss of merchandise sent through the United States mails and freight in transit through the States and between this and foreign countries. On account of restrictive laws enacted by a number of the States, notably the law known as "The resident agents' law," some insurers have refused to insure goods in transit beyond the limits of the State or Territory in which the policy was written.

It seems clear that while the scope of supervision would necessarily be limited, that valuable statistics could be collected through a national department of insurance and much good be accomplished by its publication and such supervision as might properly come within the scope of the national department. Through insurance the cargo may be realized upon in advance, stable value may be given to commercial paper and

mortgage obligations, and the laborer may not only provide for his dependent family in a way, but may also establish credit as a stepping-stone to a better financial condition. These are subjects which may be extensively elaborated, but as they are familiar in their bearings to most men of affairs, a mere reference to them is deemed sufficient for the purposes of this letter.

With great respect, your obedient servant,

RICHARD W. TYLER.

BALDWIN LOCOMOTIVE WORKS,
Philadelphia, March 26, 1902.

Hon. W. P. HEPBURN,

*Chairman Committee on Interstate and Foreign Commerce,
Washington, D. C.*

DEAR SIR: We desire to indicate our most hearty approval of the measure now before your committee for the establishment of a Department of Commerce and Labor. The advantages which it is possible to secure for the manufacturing interests of the United States by this measure are immense, and, in our opinion, fully justify the creation of the proposed new department. The interests of American industry will not only be promoted, but the best interests of the country at large will be aided and maintained by such a department. The position which American manufactures have now gained in the markets of the world, and the precedence established by the practice of other nations in maintaining similar departments, all, in our judgment, abundantly warrant the creation of such a department in our Government. We trust that your committee will conclude to report the pending bill with a favorable recommendation.

Very truly, yours,

BURNHAM, WILLIAMS & Co.

**STATEMENT OF HON. GEORGE H. BARBOUR, PRESIDENT MICHIGAN
STOVE COMPANY, OF DETROIT, MICH.**

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE: I appear before your honorable committee in the interests of the Western manufacturers, urging the passage of the Nelson Senate bill.

The extent and importance of the manufacturing interests of the country at the present time, and its increasing volume warrant, in the mind of the thinking man, a representative in the Cabinet of the President of the United States. We have reached the point where other countries acknowledge that we are the most important manufacturing center in the world, and while we are adding to our present plants to increase production we are also building new manufacturing institutions all over the country, and especially in the West, where, a quarter of a century ago, we were new in certain branches of manufacture.

To-day we in the West excel in many lines of manufacture, while in the East, North, and South they have progressed largely in the manufacture of leading articles which are not only sold in the United States

but in foreign countries. In my opinion it is only a matter of a few years until the American manufacturer can boast of a large foreign trade, and what does this mean to us? This country of ours at certain periods meets with business depressions. We produce rapidly, and, being governed largely by supply and demand, there are times when if we could get the relief offered by the disposal of surplus stocks to other countries we would escape the condition which we have experienced in the past.

A mutual understanding between labor and capital is, in my opinion, essential to the success of each, and for the sake of peace and harmony good feelings should always exist between them.

The manufacturers of this country have no desire to ask for unreasonable things; but their great interests, which are of so much importance to the people of the United States, demand your careful consideration of the bill in question. I believe that the Department of Agriculture has been of general benefit to the farmer at large, and I also believe that the department of commerce and labor, if created, will greatly assist the Agricultural Department, for the reason that if the manufacturer is not prosperous he is unable to give employment to a large number of people; and when this condition exists the laborer is not able to earn his usual amount of wages; consequently he has to curtail in the purchase of the products of the ground, and then both the manufacturer and farmer are seriously affected. When we have a condition where both the manufacturer and the farmer are prosperous we must necessarily have prosperous times.

The benefit to be gained by the creation of this department seems to me to be great. All other countries have a department of this nature, and why should not we, a country second to none, becoming more popular day by day; and fostering, as we are, and looking forward to an extended trade in foreign countries, should we not be able to refer them to this department represented by a Cabinet official in Washington?

As to the foundation principles governing this office, there may be some difference of opinion, but it appears to me that section 3 of this bill is about all that will be found necessary. It goes without saying that the chief of this department will from time to time be able to suggest important changes, and he can doubtless so arrange the work that additional benefits will accrue, as he will be fully competent to give this office the benefit of such experience as he may have had, as I conclude the person selected to this office will be one of wide experience, possessed of ability, who would give to this office every advantage.

I do not know as it is necessary for me to say more on this subject. It is one of such great importance that I believe your honorable body will conclude there is nothing against the creation of this department, but everything in its favor.

Believing as I do that it is of the greatest importance that the manufacturers of this country should be represented as set forth in the Nelson bill, I urge you to give it the careful consideration called for, feeling assured that you will receive the support and the thanks of every prominent manufacturer of this country, and that both labor and manufacture will be greatly benefited by the creation of this Cabinet office.